

NEDBANK GROUP

Integrated Report

for the year ended 31 December 2023

see money differently

Our reporting universe

nedbankgroup.co.za

Integrated Report



The 2023 Nedbank Group Integrated Report, produced in line with the Integrated Reporting Framework, provides a holistic, yet concise read of how the group creates and protects value while minimising the risk of value erosion over the short, medium and long term. It primarily addresses the information requirements of long-term investors (our equity shareholders, bondholders, debt providers and prospective investors).

This report is also relevant to other stakeholders as it incorporates material matters relating to value creation for them, supplemented by more granular reporting in our various online publications that include financial, risk management, sustainability, and environmental, social and governance (ESG) disclosures. These reports are available on our website at nedbankgroup.co.za.

	What is disclosed in these reports		Key regulatory and reporting frameworks
Financial and risk management reporting 	Our financial and risk management reporting provides information relating to the group's financial position and performance. They are primarily of interest to Nedbank's equity and debt investors, credit rating agencies, depositors, regulators, and various other stakeholders. The disclosed information can be used to assess the group's financial performance, strength, and prospects, and includes important risk and regulatory disclosures.	• **2023 Results Booklet and presentation** • **2023 Nedbank Group Annual Financial Statements** • **2023 Pillar 3 Risk and Capital Management Report**	• International Financial Reporting Standards (IFRS) • Companies Act • Banks Act • South African Reserve Bank (SARB) Regulations • Basel Committee on Banking Supervision (BCBS) Guidance • JSE Listings Requirements
Climate reporting ESG 	Our climate reporting includes information relating to the group's climate-related activities, governance, strategy, policies, risk management, carbon footprint and emissions, as well as targets. It is primarily of interest to investors, non-governmental organisations (NGOs), ESG ratings agencies, as well as key stakeholders such as clients and invested members of society who associate with value-aligned and purpose-driven companies. The disclosed information can be used to assess Nedbank's progress in managing its positive and negative impacts in addressing climate change.	• **2023 Climate Report** • **Nedbank Energy Policy*** • **Nedbank Climate Change Position Statement*** • **Nedbank Nature Position Statement (new)***	• Task Force on Climate-related Financial Disclosures (TCFD)*** • Basel Committee on Banking Supervision • Global Reporting Initiative Standards • JSE Sustainability and Environmental Disclosures
Societal reporting ESG 	Our societal reporting includes information relating to how the group uses its financial expertise to do good by creating positive economic, societal and environmental impacts, including those aligned with the United Nations (UN) Sustainable Development Goals (SDGs). It is primarily of interest to investors, existing and prospective employees, regulators, NGOs, existing and prospective clients, ESG ratings agencies, and engaged members of society. The disclosed information demonstrates progress in how Nedbank is fulfilling its purpose.	• **Sustainable development finance (SDF)** • **Human capital, diversity and inclusion** • **Social impact** • **Supplier relationships and procurement** • **Client responsibility** • **Financial inclusion** • **Transformation** • **Broad-based black economic empowerment (BBBEE) certificate*** • **Global Reporting Initiative (GRI) Standards disclosures*** • **SDF inclusion criteria***	• Global Reporting Initiative Standards • King IV Report on Corporate Governance for South Africa (King IV™)** • United Nations Global Compact • Amended Financial Sector Code (FSC) and the BBBEE Act *The JSE Sustainability and Environmental Disclosure Guidance as well as the International Sustainability Standards Board Sustainability-related Financial Disclosures were also considered.*
Governance reporting ESG 	Our governance disclosures include information relating to board matters, ethics, financial crime, tax and remuneration. They are primarily of interest to investors, ESG rating agencies, clients, employees, regulators, suppliers and members of society. The information disclosed demonstrates how Nedbank performs business through sound governance practices, upholding the highest standards of ethics, integrity, transparency and accountability.	• **Governance** • **Ethics** • **Financial crime (including AML and cybercrime)** • **Remuneration Policy and Implementation Report** • **Tax disclosures** • **Stakeholder engagement** • **Key policies*** • **Leadership CVs and profiles***	• King IV • Companies Act • Banks Act • SARB Directives and Circulars • JSE Listings Requirements • JSE Debt Listings Requirements • JSE Sustainability Disclosure Guidance • Other applicable laws, regulations, and best-practice principles • GRI Standards
Shareholder information 	The notice of the annual general meeting (AGM) and form of proxy provide valuable information to shareholders who want to participate in the Nedbank Group 57th AGM.	• **Notice of 57th AGM** • **Form of proxy** • **Shareholding profile***	

* *Available separately at nedbankgroup.co.za.*

** *Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all its rights are reserved.*

*** *Reporting of TCFD has been incorporated into the International Sustainability Standards Board (ISSB) Standards. The incorporation of the TCFD recommendations into the ISSB Standards further simplifies the so-called 'alphabet soup' of disclosure initiatives for companies and investors. The Financial Stability Board has also asked the IFRS Foundation to take over the monitoring of the progress on companies' climate-related disclosures from the TCFD.*

Navigating our value creation journey

2 About our Integrated Report

A summary of how we think about value creation, preservation and erosion; integrated thinking; our material matters; the integrated reporting process we follow; relevant reporting frameworks; assurance provided; the scope of the report; and approval by the board.



1 Navigating our value creation journey
2 About our 2023 Integrated Report

4 Nedbank Group at a glance

Overview of the Nedbank Group, our businesses, market position, differentiators, business model, the needs and expectations of our stakeholders, and how our purpose, vision, values, and strategy position us for long-term value creation.



5 Overview of Nedbank Group
6 Our purpose, vision, values, strategy, and targets
7 What sets Nedbank apart
8 Nedbank Group in context
10 Our organisational structure, products, and services
11 Our business model
14 Our stakeholders – their needs and expectations
16 Delivering value by fulfilling our purpose

Our capitals

- Financial
- Intellectual
- Manufactured
- Human
- Natural
- Social and relationship

17 Ensuring value creation through good governance

Overview of how good governance and strong leadership support the creation and protection of value while minimising the risk of value erosion.



18 Reflections from our Chairperson
21 Governance at Nedbank
22 Key board focus areas in 2023
25 Key board discussions and approvals in 2023
26 Our Board of Directors
28 Our board structure and mandates
32 Other key areas of board responsibility and oversight
34 Board and committee evaluations

Our guiding principles and considerations

- King IV™
- ESG
- Top 10 risks

35 Creating value in a sustainable manner through our strategy

Overview of the context in which we operate, including our material matters, how we manage risks, our strategic response, and the trade-offs we make to ensure ongoing value creation.



36 Reflections from our Chief Executive
40 Our Group Executive Committee
41 Our operating environment
51 Managing risk strategically
55 Our strategy
68 Human Capital Strategy
70 Strategic trade-offs through integrated thinking
72 Strategic value unlocks – key performance indicators

Our strategic value unlocks

- Digital leadership (DX)
- Market-leading client experiences (CX)
- Focusing on areas that create value (SPT)
- Efficient execution (TOM)
- Creating positive impacts (purpose delivery)

74 Delivering, measuring and rewarding value creation

Assessment of value creation, protection, and erosion for stakeholders in 2023 and how remuneration outcomes are aligned with our performance.



75 Reflections from our Chief Financial Officer
81 Value for stakeholders
91 Stakeholder value creation – key performance indicators
93 Rewarding for value creation

Our stakeholders

- Employees
- Clients
- Shareholders
- Regulators
- Society

101 Supplementary information

Independent assurance, abbreviations and acronyms, reporting criteria and company details.

102 Independent assurance practitioner's Limited Assurance Report on selected key performance indicators
104 Abbreviations and acronyms
105 Reporting criteria
106 Company details

About our 2023 Integrated Report

Our 2023 Integrated Report is the outcome of integrated thinking and a reporting process that is governed by the board, led by the Group Executive Committee (Group Exco), assured through our Coordinated Assurance Model, and delivered through groupwide collaboration.

1 Our purpose

Vision

Fulfilling our purpose

Values

Board, Group Exco, employees

2 Integrated thinking

Risks

Determining our material matters

Opportunities

Board, Group Exco

Short-, medium- and long-term outlook

Developing our strategy

Financial and non-financial targets

Board, Group Exco

Board and board committees

Overseeing and delivering our strategy

Group Exco, Exco committees and employees

Board, Group Exco, employees

3 Integrated reporting process

Integrated Reporting Framework

Compiling our report

Various reporting standards and guidance

Board, Group Exco, Integrated Reporting Team

Coordinated Assurance Model

Validating the integrity of the report

Board and Group Exco reviews

Board, Group Exco, Group Internal Audit, External Auditors

Exco sign-off

Approving the Integrated Report

Board approval

Board, Group Exco

How we think about value creation

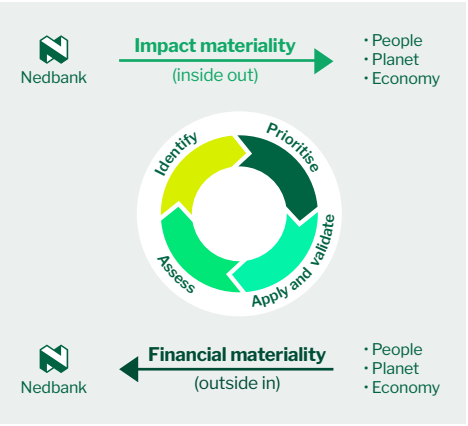
Value creation, preservation and erosion are the consequences of how we apply and leverage our capitals as part of our strategy formulation and execution, is evident in how these capitals change over time, the trade-offs we make, our financial and non-financial performance and the outputs and outcomes for all stakeholders. Integrated thinking enables us to create and preserve value as we fulfil our purpose to use our financial expertise to do good for individuals, families, businesses, and society (**page 70**). In our report, we use the icons below to denote value creation, preservation, and erosion:

- Value creation
- Value preservation
- Value erosion

Our materiality assessment process

Identifying our material matters is a groupwide responsibility and requires input from our businesses, an assessment of the impacts, risks and opportunities in our operating environment through a double materiality lens, and input and feedback from our key stakeholder groupings. Our material matters, as described on **pages 41 to 50**, influence our strategy and our risk management processes. They also inform the evolution of our business model and our short- (1 year), medium- (2 to 3 years) and long-term (5 years +) targets.

Our Group Exco and the Nedbank Group Board continuously deliberate on these material matters during their meetings and the group's strategy process throughout the year before approving them as part of the annual business plan in November.



- **Identify** matters that could impact our earnings sustainability and create, preserve, or erode value for our stakeholders.
- **Prioritise** those matters with the greatest relevance.
- **Apply and validate** the material matters to inform our strategy, our 6 capitals and targets.
- **Assess** these matters continually to ensure our strategy remains relevant.

Read more about our 4-step interactive process to determine material matters on page 41.

Process we followed to complete the 2023 Nedbank Integrated Report

As in prior years, the 2023 Integrated Report was prepared from Group Exco and board discussions, minutes, business plans, decisions, and approvals (reflecting the group's integrated thinking), as well as internal and external reporting information requirements of the Integrated Reporting Framework and other reporting frameworks.

A cross-functional team, led by the Group Chief Financial Officer (CFO) and representing businesses and subject matter experts across the group, produced the content of the Integrated Report and, for the 1st time, used artificial intelligence (AI) tools to assist with the collation. Group Exco and boardmembers contributed and were involved in the various approval processes, which were supported by the oversight provided by independent assurance providers. The board approved the final report, while the Group Integrated Report Approval Committee (with delegated authority from the board) provided final sign-off for publication.

Reporting frameworks to which we adhere

Our integrated reporting is guided by the principles and requirements of the Integrated Reporting Framework, the International Financial Reporting Standards (IFRS) and the King Code of Governance Principles for South Africa (King IV), and is aligned with the Global Reporting Initiative (GRI) Standards. As a South African bank and a company listed on the JSE Limited (JSE), we align with the JSE Listings Requirements, the South African Companies Act, 71 of 2008, and the Banks Act, 94 of 1990. We have also considered the disclosure requirements of the International Sustainability Standards Board (ISSB) and the JSE's Sustainability and Climate Disclosure Guidance.

How we ensured the integrity of our report

The board ensures the integrity of the Integrated Report through our integrated reporting process and the various approvals and sign-offs by Group Exco and the board, and relies on our Coordinated Assurance Model, overseen by the Group Audit Committee, that assesses and assures various aspects of our business operations and reporting. These assurances are provided by management and the board through rigorous internal reporting governed by the group's Enterprisewide Risk Management Framework (ERMF), Group Internal Audit and independent external sources and service providers.

4 Our 2023 Integrated Report

Reporting period*

Our Integrated Report, which is produced and published annually, covers the period from 1 January to 31 December 2023. Any material events after this date and up to the board approval date of 17 April 2024 have also been included, such as macroeconomic updates and post-balance-sheet events.

Operating businesses*

We report on the primary activities of the group, our business clusters, key support areas and subsidiaries in our African and international operations.

Financial and non-financial reporting*

Our Integrated Report extends beyond financial reporting and includes non-financial performance, opportunities, risks, and outcomes attributable to or associated with our key stakeholders and external entities, which have a considerable influence on our ability to create value sustainably, while minimising value erosion.

Governance and risk management principles, practices and outcomes are integrated throughout the report. Specific summarised board committee reports are included in relevant sections given the integrated nature of governance, with more detail provided in our 2023 Governance Report that is available online.

We report on our purpose-led sustainable development lending investments and actions, and how they align to UN SDGs as well as key ESG matters, which are embedded in our strategy as part of our strategic value unlock of creating positive impacts.

Materiality

The principle of materiality is applied when assessing what information should be included in our Integrated Report. This report focuses particularly on those issues, opportunities and risks that impact materially on our 6 capitals and our ability to be a sustainable business that consistently creates, protects, and minimises the erosion of value for all stakeholders over the medium to long term.

Strategy and targets

We provide insight into the group's strategy, as well as financial and non-financial targets for the short (1 year), medium (2 to 3 years) and long term (5 years +).

Coordinated assurance

Our Coordinated Assurance Model integrates and aligns risk, audit and compliance functions and assurance activities. This enables an effective internal control environment across the group with assurance focused on critical risk exposures supporting the integrity of information used in internal decision-making and reporting to external stakeholders.

Our 2023 Annual Financial Statements were assured by our joint external auditors, being Ernst & Young Inc (EY) and Deloitte & Touche (Deloitte). Limited assurance on selected sustainability information was provided by Deloitte, and Mosela Rating Agency provided limited assurance on our application of the Amended Financial Sector Code (FSC) and the group's BBBEE status. We have indicated the level of assurance provided on **pages 13**, **61 and 62**, **66**, **72 and 73**, **87**, **89**, **91 and 92**, and **105**, and included the independent assurance practitioners' Limited Assurance Report on selected key performance indicators on **page 102**.

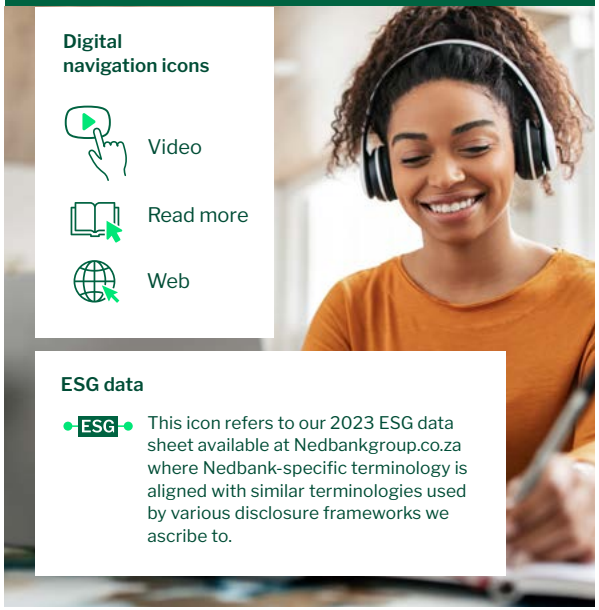
Approval by the board

The board acknowledges its responsibility of ensuring the integrity of this Integrated Report. In the board's opinion, this report addresses all the matters that are material to the group's ability to create value and fairly presents the integrated performance of Nedbank Group. The board is confident that the report was prepared in line with the Integrated Reporting Framework. This report was approved by the Board of Directors of Nedbank Group on 17 April 2024.

Daniel Mminele (Chairperson)	Hubert Brody (Lead Independent Director)	Mike Brown (Chief Executive)
Brian Dames	Mike Davis (Chief Financial Officer)	Neo Dongwana
Errol Kruger	Phumzile Langeni	Rob Leith
Linda Makalima	Mfundo Nkuhlu (Chief Operating Officer)	Terence Nombembe
Stanley Subramoney		

Digital and ESG reporting

Our 2023 integrated reporting suite has been designed for an enhanced digital experience and ease of use as our stakeholders now primarily engage with information through digital channels. The landscape layout supports readability on computer screens and tablets while the digital navigation capability in the report will assist you to easily navigate between different sections or topics. This can be done using the navigation icons at the top of the page or pop-ups wherever you hover with your cursor. We have also created links to videos that provide additional insights and bring our Integrated Report to life.



Forward-looking statements

This report contains certain forward-looking statements about Nedbank Group's financial position, results, strategy, operations, and businesses. These statements and forecasts involve risk and uncertainty, as they relate to events and depend on circumstances that may occur in the future. There are several factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Consequently, forward-looking statements have not been reviewed or reported on by the group's joint auditors.

Forward-looking statements made by Nedbank Group on 5 March 2024 at the time of releasing its 2023 results, were informed by the group's business plans and economic forecasts in February 2024.

* *Our reporting boundary includes our reporting period, operating businesses, financial and non-financial reporting as discussed above, as well as our material matters, including risks, opportunities, and outcomes to Nedbank Group, which emanate from our stakeholders and other entities, as described from* ***page 41****.*



Nedbank Group at a glance

Overview of Nedbank Group, our businesses, market position, differentiators, business model, the needs and expectations of our stakeholders, and how our purpose, vision, values, and strategy position us for long-term value creation.

We are one of Africa's largest banks, differentiated by our commitment to fulfilling our purpose of using our financial expertise to do good.

Overview of Nedbank Group

Nedbank Group, with assets of more than R1,3tn, is one of the largest financial services groups in Africa, offering wholesale and retail banking, as well as insurance, asset management and wealth management services and solutions to more than 7,3 million active clients.

The group's ordinary shares have been listed on the JSE since 1969. In South Africa (SA), Nedbank has a strong franchise that contributes 90% of the group's R1,3tn in assets and 80% of the group's R15,7bn headline earnings (HE).

Additionally, the group operates in 5 countries in the Southern African Development Community (SADC) through subsidiaries and banks in Lesotho, Mozambique, Namibia, Eswatini and Zimbabwe. In central and west Africa we have a strategic alliance with Ecobank Transnational Incorporated (ETI) and a representative office in Kenya. Outside Africa we have a presence in key global financial centres to provide international financial services for Africa-based multinational and high-net-worth clients in the Isle of Man, Jersey, and London, and have a representative office in Dubai.

Deposits
R1 088bn

2023	1088
2022	1040
2021	968
2020	954
2019	904

Client savings entrusted to us

Gross banking advances
R885bn

2023	885
2022	863
2021	807
2020	797
2019	810

The credit we provide to clients



Assets under management
R448bn

2023	448
2022	393
2021	424
2020	375
2019	331

The investments we manage for clients

Headline earnings
R15,7bn

2023	15,7
2022	14,1
2021	11,7
2020	5,4
2019	12,5

The profits we make for shareholders



Return on equity
15,1%

2023	15,1
2022	14,1
2021	12,5
2020	6,2
2019	15,0

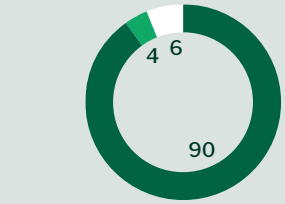
The return on the capital that our shareholders have invested

Common equity tier 1 capital ratio
13,5%

2023	13,5
2022	11,0
2021	12,8
2020	10,9
2019	11,5

The strength of our balance sheet

Assets by geographical area
(%)



- SA
- Nedbank Africa Regions
- Rest of the world

Market capitalisation
R106bn

2023	106
2022	109
2021	89
2020	65
2019	107

The value of Nedbank Group as a company on the JSE

Permanent employees
25 477

2023	25 477
2022	25 924
2021	26 861
2020	28 271
2019	29 213

Our human capital



Our purpose, vision, values, strategy, and targets

Our purpose

To use our financial expertise to do good for individuals, families, businesses and society.

The overarching reason we exist

Our vision

To be the most-admired financial services provider in Africa by our employees, clients, shareholders, regulators and society.

What we want our future to look like

Our brand promise

see money differently

How we want to affect our clients

Our values

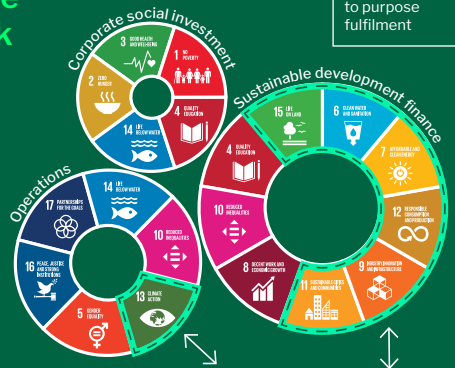
Integrity | Respect | Accountability | People-centred | Client-driven

The principles that guide us

The Nedbank Sustainable Development Framework

We have prioritised 9 SDGs where we believe we have the greatest ability to deliver a meaningful impact through our core business and a purpose-led ambition of providing sustainable development finance support to clients.

Our approach to purpose fulfilment



These SDGs guide our climate change response.

Our strategy

The strategic drivers and programmes of action that support the delivery of our targets

Strategic value drivers

- Growth
- Productivity
- Risk and capital management

Strategic value unlocks

- Digital leadership (DX)
- Market-leading client experiences (CX)
- Focusing on areas that create value (SPT)
- Efficient execution (TOM)
- Creating positive impacts (purpose delivery)

Underpinned by:
A world-class technology platform
Our employees and differentiated corporate culture (EX)

Our key targets

The targets we have set that, when activated, will support a price-to-book valuation of > 1,3 times

	Diluted headline earnings per share	Return on equity	Cost-to-income ratio	Net Promoter Score
Short term	By end 2023			
	> 2 565 cents (2019 levels)	15% (2019 levels)	< 54%	#1 bank (from #3 in 2019)
Medium term	By end 2025			
	> CPI + GDP + 5% (CAGR to end 2025)	17% (around COE + 2%)	< 52%	#1 bank
Long term	5 year +			
	> CPI + GDP + 5% (CAGR through the cycle)	> 18% (around COE + 3%)	< 50%	#1 bank

These targets are supported by various strategic and stakeholder-related targets as discussed on ***page 22****.*

What sets Nedbank apart

Nedbank Group has many characteristics that differentiate the group from its universal banking and financial services peers in SA.

A strong, experienced, and diversified board and leadership team ESG

- **69%** independent non-executive directors

Page 26

- **Nedbank Board ranked #1** among all financial companies in Emerging EMEA*

One of SA's most **experienced financial services management** teams

- **Highly regarded** by the investment community
- **> 230** years' combined experience
- **Seamless leadership succession** over many years

Page 40





A purpose-led business

focused on delivering positive societal and environmental impact, supported by good governance, ESG leadership and proud credentials of **doing business in a manner that contributes positively to society.** ESG

- **AAA** MSCI ESG rating – top 5% of global banks
- Track record of **leadership in climate-related matters**
- **Carbon-neutral** operations since 2010
- **R145bn** in purpose-led sustainable development finance that is SDG-aligned
- **Level 1 BBBEE contributor** since 2018

Pages 23, 67, 14, 65 and 90.

Leadership positions

in renewable energy finance, sectors such as mining and telecoms, commercial-property finance, small-business services, vehicle finance, card acquiring, digital client value propositions and asset management.

Page 83

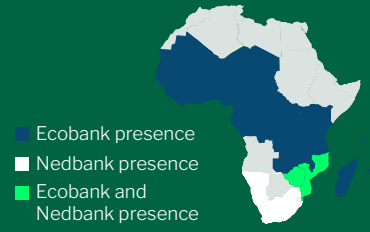
Strong franchises

A strong Corporate and Investment Banking (CIB) business, a very competitive and increasingly differentiated Retail and Business Banking (RBB) business, a high-return Wealth business and a growing Nedbank Africa Regions (NAR) business.

Page 10

Access to the largest banking network in Africa

through our own operations in the SADC region and our strategic alliance with ETI in 39 countries.



A world-class modern technology platform

and market-leading digital innovations.

Page 56

Ranked #1 in retail client NPS (client satisfaction)**.

ESG

Page 61

Unique corporate culture and high levels of employee satisfaction.

ESG

Market-leading and transparent reporting

and disclosures.

Strong balance sheet

to support growth and protect against downside risk (CET1 13,5%; LCR 135%; NSFR 117%).

Page 15

Sound risk management track record – ECL coverage at 3,62%, well above pre-Covid-19 levels of 2,26%.

Page 63

Attractive valuation metrics[1]

- Price-to-book ratio: 0,9 times.
- Dividend yield: 9%.
- Value unlock potential by delivering on our medium- and long-term targets.

Page 84



* *In both the 2022 and 2023 Institutional Investor's Emerging Europe, Middle East and Africa (EMEA) Investor Relations surveys (best company board).*
** *Kantar NPS survey.*
[1] *At 31 December 2023.*

Nedbank Group in context

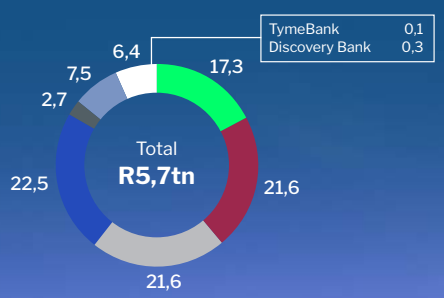
The top 100 banks in Africa have assets of around US$1,3tn, which is supported by capital of over US$110bn that collectively represents an estimated 1% of global bank capital. Mostly they generate high returns on capital and provide good long-term growth opportunities as their economies grow faster than those in developed markets, banking penetration increases, and client needs become more sophisticated.

In 2023, 4 South African banks were included in the top 10 in Africa, with Nedbank ranking as the 4th-largest bank in Africa measured by both capital and assets.

South African banking sector

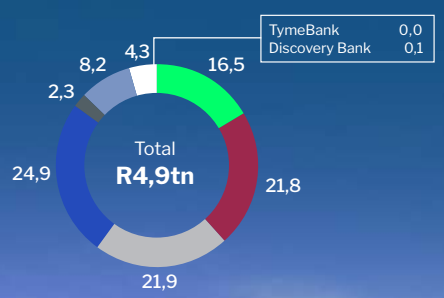
In SA the banking sector has advances of R5,1tn (up by 5% yoy in 2023), of which Nedbank has a 16,5% share representing the credit provided to clients. We also have a 17,3% share of the R5,7tn South African deposit market (up by 6% yoy in 2023), which is an important indicator of franchise strength. With assets under management (AUM) of R448bn, Nedbank is the 6th-largest unit trust manager in SA, with a South African market share of 7% locally.

South African deposit market share
(%)

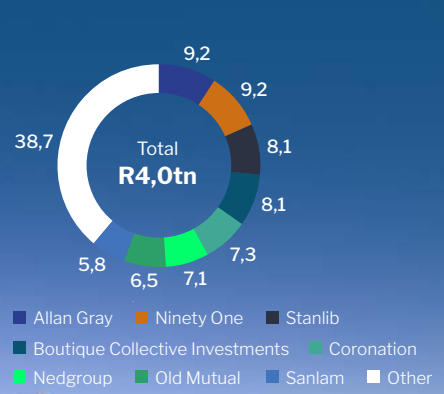


Source: SARB BA900 at 31 December 2023

South African advances market share
(%)

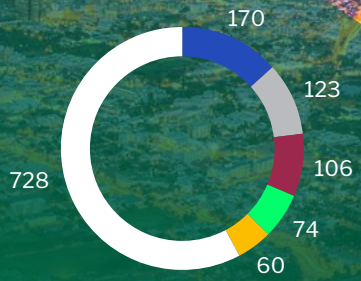


AUM market share in SA
(%)



Source: Association for Savings and Investment SA (ASISA) Q4 2023

Banks in Africa by assets
(US$bn)



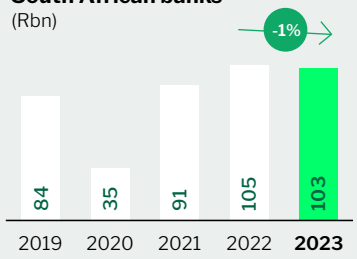
Source: The Banker Magazine, October 2023

Nedbank Group in context continued

South African banks are well capitalised and liquid, generating ROEs above their cost of equity and producing cost-to-income ratios that are trending down towards 50%.

In 2023 South African bank earnings remained constant as franchises outside of SA grew faster than those in SA. Operations in SA were negatively impacted by higher impairment charges in their consumer portfolios as higher interest rates and inflationary pressures negatively impacted clients' disposable income and ability to service their debt. As a result, credit loss ratios increased towards the top end or above the various banks' through-the-cycle (TTC) target ranges. Credit growth slowed throughout the year and transactional activity was more muted, while net interest margins benefited from higher interest rates (endowment benefit). Expenses continued to be managed well but were negatively impacted by inflationary pressures and currency weakness. At a consolidated industry level, the South African-related pre-tax income of all the banks operating in SA decreased by 1% to R103bn.

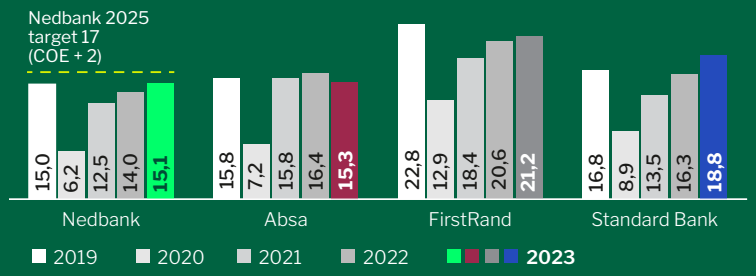
Profit before income tax – South African banks
(Rbn)



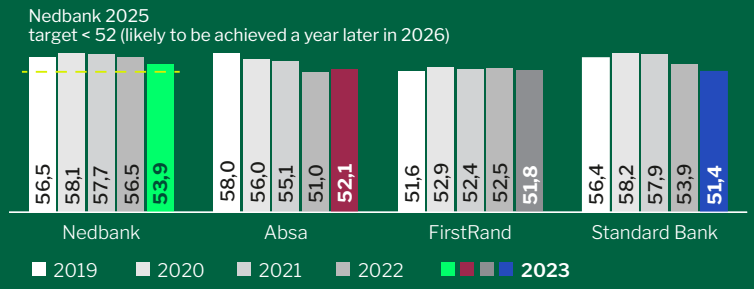
Source: SARB BA 120 at 31 December 2023



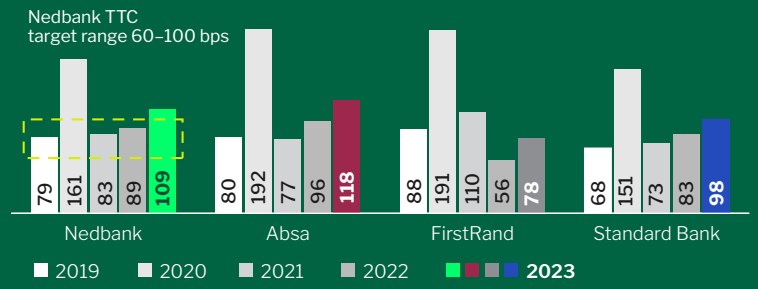
Return on equity[1]
(%)



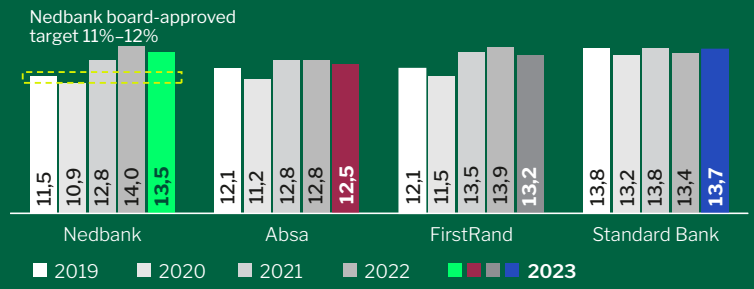
Cost-to-income ratio[2]
(%)



Credit loss ratio
(Bps)



Common equity tier 1 ratio
(%)





[1] *Nedbank reports ROE on a HE basis. Absa and FirstRand report ROE on a normalised basis.*

[2] *Nedbank and FirstRand include associate income in the calculation of the cost-to-income ratio, while Absa and Standard Bank exclude associate income. Nedbank's cost-to-income ratio, excluding associate income, is 55,0%.*

Sources: Nedbank, Absa, Standard Bank December 2023 annual results. FirstRand June 2023 annual results

Our organisational structure, products, and services

Cluster	Areas of strength and differentiation	Outputs	Contribution to group: Advances	Headline earnings	Return on equity
Nedbank Corporate and Investment Banking  Corporates, institutions, governments and parastatals.	• Market leader with strong expertise in commercial-property, corporate advances and renewable energy financing. • Strong South African trading franchise with excellent trading capabilities across all asset classes. • Leading expertise across various sectors such as mining, infrastructure financing, telecoms and public sectors.	• Investment banking and corporate lending. • Global markets and treasury. • Commercial-property finance. • Deposit-taking and transactional banking. NEDBANK CIB	44% **R377bn** 2022: R378bn	43% **R6,8bn** 2022: R6,4bn	18,9% 2019 2020 2021 2022 **2023**
Nedbank Retail and Business Banking  Individual clients and businesses.	• Leading digital capabilities. • #1 bank in client satisfaction metrics. • Differentiated and disruptive client value propositions (CVPs) across different client segments. • Leader in card-acquiring and vehicle finance. • Highly competitive franchises in relationship banking, small-business services and commercial banking. • Digitally enabled and reimagined distribution network.	• Transactional banking. • Card and payment solutions. • Lending and deposit-taking. • Investment products. • Beyond banking solutions. MFC A division of NEDBANK · NEDBANK	50% **R429bn** 2022: R408bn	36% **R5,6bn** 2022: R5,1bn	16,0% 2019 2020 2021 2022 **2023**
Nedbank Wealth  Entry-level to high-net worth clients (SA) and high-net-worth clients (UK, Jersey, IOM, UAE).	• Leveraging existing distribution channels and platforms to sell insurance solutions to Nedbank clients. • Top fund managers are contracted through our Best of Breed investment approach. Committed to responsible investing and agreed ESG focus areas. • An award-winning, integrated and holistic advice-led and high-net-worth offering for local and international clients.	• High-net-worth banking. • Insurance. • Asset management. • Wealth management. NEDBANK PRIVATE WEALTH · NEDBANK INSURANCE · NEDGROUP INVESTMENTS	3% **R29bn** 2022: R29bn	8% **R1,2bn** 2022: R1,1bn	26,8% 2019 2020 2021 2022 **2023**
Nedbank Africa Regions  Individual clients, small and medium enterprises, and business and corporate clients.	• Presence and positioned for growth in 5 SADC countries with technology investments to enhance CVPs and achieve scale. • Access to the largest banking network in Africa through our ETI strategic alliance supported by our 20% investment in ETI.	• Transactional banking. • Lending, deposit-taking and card products. • Wealth management. NEDBANK · Ecobank	3% **R21bn** 2022: R22bn	12% **R1,9bn** 2022: R1,0bn	25,2% 2019 2020 2021 2022 **2023**

Support functions: compliance, finance, human resources, marketing and corporate affairs, risk, technology, strategy and sustainability.

Our business model

Availability and quality of our 6 capital inputs

Financial capital

Our capital base, together with diversified sources of deposits and funding from investors and clients, is used to support our clients. This includes extending credit, facilitating payments and transactions, and rewarding shareholders for the capital invested through dividends.

- **Deposits: R1 088bn** (2022: R1 040bn).
- **Gross banking loans and advances: R885bn** (2022: R863bn).
- **Shareholders' equity: R119bn** (2022: R116bn), including **R12bn average capital surplus** above the top end of our 11% to 12% CET1 target range.

Intellectual capital

Our intangible assets, including our brand, reputational and franchise value, research and development capabilities, innovation capacity, knowledge and expertise, as well as strategic partnerships that help us grow our business.

- **World-class IT systems** (benchmarked independently).
- **Nedbank brand value** increased by 15% to R17,3bn and its rank in SA among companies improved to #8 (2022: #9).
- **Market leadership and differentiation** across various products and segments (as described on **page 48**).

Human capital

Our employees, culture, collective knowledge, skills, and experience that enable innovative and competitive solutions for our clients and create value for all stakeholders.

- **A workforce of 25 477 employees** (2022: 25 924).
- **Salary and benefits paid: R21,1bn** (2022: R19,6bn).
- **Training and skills development spend: R1,2bn** (2021: R0,9bn).
- **A differentiated culture** that is client- and people-centred, innovative, competitive, and strong in compliance and governance.

Manufactured capital

Our business structure and operational processes, including our property and equipment, as well as our digital assets, including products, channels and information technology (IT) systems, provide the framework and mechanics of how we do business and create value.

- **A total of 59 core IT systems.**
- **R10,7bn technology platform investment** since 2010 (2022: R10,2bn).
- **Market-leading digital products, services and CVPs.**
- **Physical presence in SA: 547** outlets (covering 85% of the population in SA), **4 199** ATMs and **110 000** point-of-sale devices (2022: 545, 4 334 and 106 000 respectively).

Social and relationship capital

Stakeholder relationships, including the communities in which we operate, are central to the environment in which we operate, and we recognise the role that we need to play in building a thriving society as well as a strong financial ecosystem.

- **Total clients: 7,3 million** (2022: 7,0 million).
- **R145bn purpose-led sustainable development financing** aligned with UN SDGs (2022: R123bn).
- **Responsible ESG practices.**
- **Good relationships** with our stakeholders.

Natural capital

The direct use and impact we have on natural resources through our own operations, including energy, water and climate, as well as our influence through our business activities.

- **Market-leading Energy Policy** and newly published Nature Position Statement.
- A maturing **social and environmental management system** that evaluates the impact of our lending to clients.
- A strong track record and **market-leading capabilities in renewable energy** financing and funding and in our own operations.
- Of our own buildings, 85% are **Green Star-rated** and we used **88 486 MWh electricity** (down by 13%) and **159 105 kℓ** LA1 **water** (up by 10%).

enable us to deliver on our strategy

Our material matters

Top 10 risks affecting the availability of our capitals

Our material matters	Top 10 risks affecting the availability of our capitals
The economy	1 Business, 2 Credit, 5 Strategic execution, 10 Capital
Environmental limits	1 Business, 2 Credit, 3 Cyberrisk, 4 People, 5 Strategic execution, 6 Organisational resiliency, 7 Operational, 9 Reputational and conduct, 10 Capital
Disruptive technologies	4 People, 5 Strategic execution, 6 Organisational resiliency, 7 Operational, 8 Climate
Increased competition	3 Cyberrisk, 6 Organisational resiliency, 7 Operational
World of work	1 Business, 8 Climate, 9 Reputational and conduct
Regulatory demands	6 Organisational resiliency, 7 Operational, 8 Climate

Pages 41 to 50

Pages 51 to 54

LA1 External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner's Limited Assurance Report on selected key performance indicators.

Our business model continued

by enabling business activities

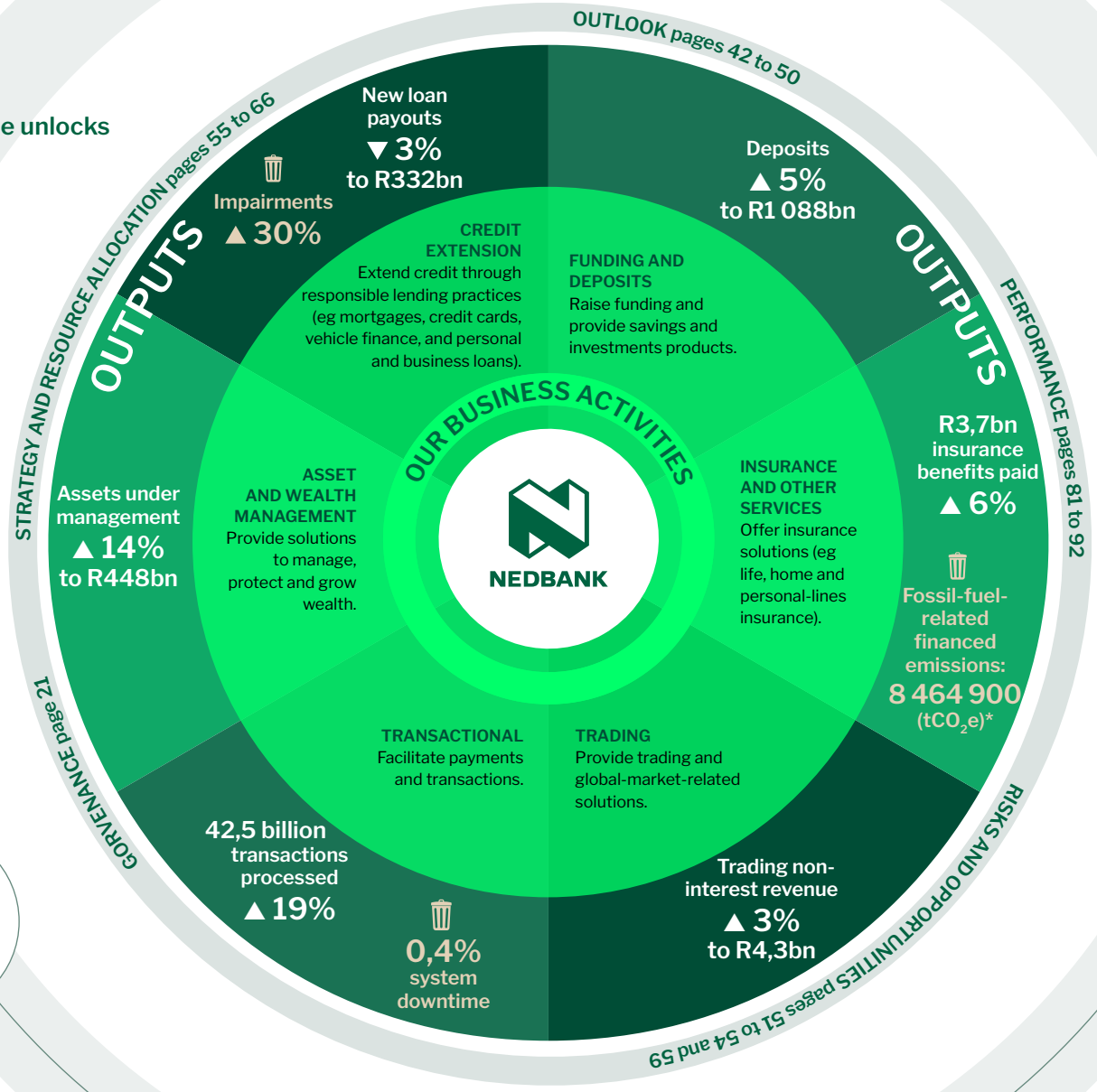
that produce purpose-led products and services

Our purpose: To use our financial expertise to do good for individuals, families, businesses and society.

Our strategic value unlocks

Pages 55 to 67

- Digital leadership (DX)
- Delivering market-leading client experiences (CX)
- Focusing on areas that create value (SPT)
- Driving efficient execution (TOM)
- Creating positive impacts (purpose delivery)



* *Fossil-fuel-related financing takes into account thermal coal and oil and gas.*

Our business model continued

and outcomes

for long-term value for our stakeholders.

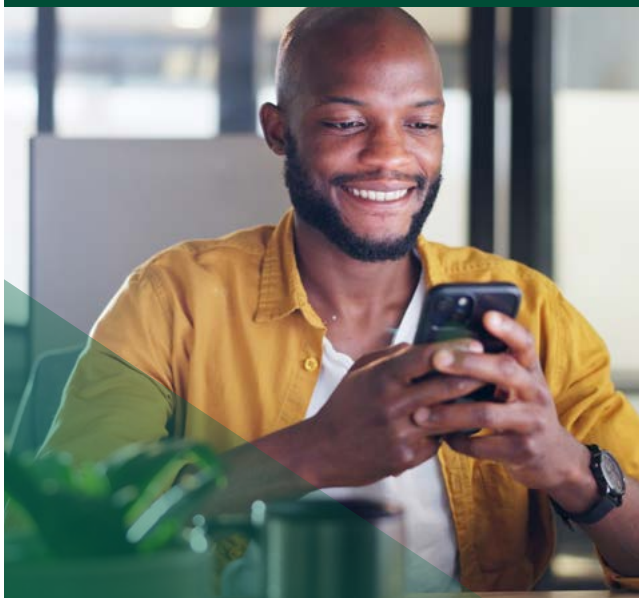
		Employees	Clients	Shareholders	Regulators	Society
Financial capital	⊕ Headline earnings of R15,7bn, up by 11% ⊕ Full-year dividend up by 15% ⊕ ROE up to 15,1% ⊕ Net asset value per share (NAV) up by 8% ⊕ Strong balance sheet (CET1 ratio: 13,5%) ⊕ Successfully concluded our R5bn capital optimisation initiative 🛡 Share price up by 2% yoy ⊖ Impairments up by 30% yoy	⊕ value created	🛡 value preserved	⊕ value created	🛡 value preserved	🛡 value preserved
Intellectual capital	⊕ Market-leading digital and ecosystem solutions ⊕ Nedbank brand value increased by 15% to R17,3bn and its rank in SA among companies improved to #8 (2022: #9) 🛡 IT modernisation programme (Managed Evolution): 95% complete (2022: 91%) 🛡 Scarce skills retained in areas such as data analytics, IT, risk management and advisory solutions	⊕ value created	⊕ value created	🛡 value preserved	🛡 value preserved	🛡 value preserved
Human capital	⊕ Percentage average salary increase for bargaining-unit employees at 7%, greater than management at 5% to 6% ⊕ Diversity metrics improved ⊕ Provided 2 835 new 1st-time job opportunities (YES Programme) 🛡 Employee NPS high at 20 (2022: 22) 🛡 Employee attrition down from 10,6% to 9,2% ⊖ 75 employees regrettably retrenched	⊕ value created	🛡 value preserved	🛡 value preserved	🛡 value preserved	⊕ value created
Manufactured capital	⊕ Digital product sales higher at 55% of total sales (2022: 53%) ⊕ Digitally active clients up by 11% to 2,9 million ⊕ Avo clients up by 26% to 2,5 million ⊕ Branch and head office floor space reduced by a combined 62 000 m^2 yoy 🛡 Uptime of IT systems stable at 99,6% (2022: 99,3%) 🛡 386 new Imagine digital-oriented branches (71% of total branches)	🛡 value preserved	⊕ value created	🛡 value preserved	🛡 value preserved	🛡 value preserved
Social and relationship capital	⊕ Client NPS improved by 2 points to 78 LA1 and we maintained our #1 large-bank ranking in SA (2022: #1 bank) ⊕ Main-banked retail clients increased by 9% to over 3,5 million ⊕ 20 LA1 new primary client wins in CIB ⊕ Direct and indirect tax contributions of R13,2bn (2022: R11,5bn) ⊕ Socioeconomic investment of R153,8m (2022: R127m) ⊕ Sustainable development finance up to 16% of gross loans and advances (2022: 14%) 🛡 Level 1 BBBEE contributor status maintained 🛡 MSCI ESG rating of AAA ⊖ Received R17m in notable fines or administrative actions, which is less than the R25m received in 2022 ⊖ 70 860 client complaints, down by 19% yoy	⊕ value created	⊕ value created	🛡 value preserved	⊕ value created	⊕ value created
Natural capital	⊕ Cumulatively raised R17bn in sustainable funding since 2019 (2022: R16bn) ⊕ Financed 4 GW renewable energy to date (2022: 3,5 GW) 🛡 Carbon-neutral operations and net-zero operational water use ⊖ **Fossil-fuel-related financed carbon emissions** Thermal coal 5 518 000 CO_2e/MWh and oil and gas 2 946 570 CO_2e/MWh	🛡 value preserved	⊕ value created	🛡 value preserved	🛡 value preserved	⊕ value created

⊕ Value creation 🛡 Value preservation ⊖ Value erosion

LA1 External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner's Limited Assurance Report on selected key performance indicators.

Our stakeholders – their needs and expectations

As a financial services provider, we are deeply connected to the environment in which we operate and the societies where we serve. Our ability to create and protect value is dependent on our relationships, our activities, and the contributions we make to our stakeholders. By providing for their needs, meeting their expectations, and managing relevant risks, we create and protect value for our stakeholders and for Nedbank, while looking to minimise value erosion.



2019 2020 2021 2022 2023

Employees

Quality of relationship:

Falling short | Performing | Excelling

The quality of the relationship with our employees was assessed in 2023 by taking into account, among others, an employee NPS score of 20 (slightly down from 22 in 2022); ongoing investment in human capital development and training; a 6,3% average salary increase; a 9% increase in incentives (short- and long-term incentives); mental-health and financial support to employees in the difficult environment; solid progress on diversity, equity and inclusion (DEI) metrics; a decrease in attrition to 9,2%; and 75 employees who were regrettably retrenched.

Employee matters, needs and expectations

- A safe and healthy work environment, supported by flexible work practices.
- Fair remuneration, effective performance management, and recognition.
- Challenging work, with opportunities to make a difference.
- Career development and advancement opportunities.
- An empowering and enabling environment that embraces DEI.

The key metrics we track include, but are not limited to, employee satisfaction levels, attrition rates, remuneration outcomes, training statistics and DEI profiles.

How do we engage with employees to get feedback?

Engagement includes employee surveys, face-to-face management discussions during roadshows and virtual stand-ups, culture shift and well-being events, as well as employee forums and groups.

Relevant material matters

- World of work
- Disruptive technologies
- Environmental limits
- The economy
- Regulatory demands

Capitals impacted

- Intellectual
- Human
- Social and relationship

Associated risks

- 4 People
- 5 Strategic execution
- 7 Operational

Read more about our Human Capital Strategy on page 68 and in our 2023 Society Report available on our website. More detail on how value was created for employees is on page 82 and progress against employee metrics on page 91.

2019 2020 2021 2022 2023

Clients

Quality of relationship:

Falling short | Performing | Excelling

The quality of the relationship with our clients was assessed in 2023 by taking into account, among others, continued market-leading levels of client satisfaction, with NPS retained at #1 among South African banks for the 2nd year in a row thanks to market-leading innovations that have made a difference in our clients' lives, evident in an increase across all digital metrics and main-banked client gains.

Client matters, needs and expectations

- Innovative banking and financial solutions and services.
- A partner who invests in or finances activities that support the Just Transition to a net-zero economy.
- Safe and convenient access (channel of choice), now primarily through digital channels.
- Excellence in client service.
- Value-for-money banking that is competitive and transparent in pricing.
- Responsible banking services and solutions and a trusted financial partner.
- Access to finance and financial education and support.

Key metrics we track include, but are not limited to, NPS scores, digital volume and value metrics, client gains, cross-sell, and complaints.

How do we engage with clients to get feedback?

Engagement includes digital feedback channels, face-to-face engagements with regular client testing, outbound calling, complaint channels, and external independent surveys on topics such as client satisfaction and bank fees.

Relevant material matters

- The economy
- Disruptive technologies
- Increased competition
- Environmental limits
- Regulatory demands

Capitals impacted

- Intellectual
- Manufactured
- Social and relationship
- Natural

Associated risks

- 1 Business
- 2 Credit
- 3 Cyberrisk
- 8 Climate

Read more about our strategy on pages 55 to 67. More detail on how value was created for clients is on page 83 and progress made against client metrics on page 91.

Our stakeholders – their needs and expectations continued

Shareholders

2019 2020 2021 2022 2023

Quality of relationship:

Falling short | Performing | Excelling

The quality of the relationship with the investment community was assessed in 2023 by taking into account, among others, the benefits to shareholders as a result of a good financial performance (all 2023 targets were met); a strong balance sheet; record dividend payments; the conclusion of our R5bn capital optimisation initiative; independent reporting and financial communication awards; top-tier investor relations; and ESG ratings. After our performance in 2021 and 2022, the group's share price, however, underperformed in the SA Bank Index in 2023.

Shareholder matters, needs and expectations

- Share price appreciation and an attractive dividend stream.
- Sustainable growth in earnings and NAV, and financial returns with ROE exceeding COE.
- An attractive and sustainable growth strategy.
- A strong balance sheet to protect against downside risk.
- A strong and experienced management and board.
- Transparent reporting and disclosure.
- Sound ESG practices, measured through shareholder feedback, AGM outcomes and ESG ratings.

Key metrics we track include share price performance, our financial and non-financial performance against market expectations and peers, AGM voting outcomes, changes in the shareholder register, and ESG ratings.

Relevant material matters

- The economy
- Regulatory demands
- Increased competition
- Environmental limits
- Disruptive technologies
- World of work

Capitals impacted

- Financial
- Intellectual
- Social and relationship
- Natural

Associated risks

- All risks

How do we engage with investors to get feedback?

Engagement includes regular virtual and face-to-face engagements, feedback via our investor relations channels, the group's AGM, and independent investor relations surveys and roadshows.

Read more about how value was created for shareholders on pages 84 and 85 and progress against shareholder metrics on page 92.

Regulators

2019 2020 2021 2022 2023

Quality of relationship:

Falling short | Performing | Excelling

The quality of the relationship with our regulators was assessed in 2023 considering, among others, our contribution to new regulatory developments; alignment with regulatory requirements (with metrics and ratios well above the minimums); and remedial action where required, including fines and penalties paid, which declined from the prior period.

Regulator matters, needs and expectations

- Compliance with all legal and regulatory requirements (meeting minimum regulatory requirements).
- Being a responsible taxpayer in the countries where we do business.
- Active participation in and contribution to industry and regulatory working groups.

Key metrics we track include, but are not limited to, key balance sheet metrics such as CET1 ratio and taxes paid.

Relevant material matters

- The economy
- Regulatory demands
- Disruptive technologies

Capitals impacted

- Financial
- Intellectual
- Social and relationship

How do we engage with regulators to get feedback?

Engagement includes regular interactions, participation in conferences, collaboration with industry experts, and contributions to policymaking and regulatory developments.

Associated risks

- 2 Credit
- 3 Cyberrisk
- 7 Operational
- 8 Climate
- 10 Capital

Read more about how value was created for regulators on page 86 and progress against regulatory metrics on page 92.

Society

2019 2020 2021 2022 2023

Quality of relationship:

Falling short | Performing | Excelling

During 2023 we maintained strong relationships with the communities that we serve, including key civil society organisations. The quality of our relationships is informed by, among others, our contributions to a thriving society and healthy environment.

Society matters, needs and expectations

- Providing access to expert financial advice, products and solutions that help create positive impacts for individuals, their families, their businesses, and their communities.
- Financing of sustainable development aligned with the SDGs, thereby promoting socioeconomic transformation through enabling economic inclusion, job creation and poverty alleviation.
- Partnering in common social and environmental matters.
- Using our resources to promote social and environmental matters and other common agendas to build a thriving society.
- Limiting our own impact on the environment.
- Advancing purpose-led transformation that transcends the requirements of BBBEE legislation.

Key metrics we track include, but are not limited to, ESG ratings and direct feedback through engagement.

Relevant material matters

- The economy
- Environmental limits
- World of work
- Disruptive technologies
- Regulatory demands

Capitals impacted

- Intellectual
- Human
- Social and relationship
- Natural

Associated risks

- 1 Business
- 8 Climate

How do we engage with stakeholders in society to get feedback?

Engagement includes numerous digital channels as well as face-to-face engagements, either as part of industry body engagements or in response to direct requests.

Read more about our strategy on pages 55 to 67, how value was created for society on pages 87 to 90, and progress against societal metrics on page 92.

Delivering value by fulfilling our purpose

Banks play a crucial role in facilitating economic activity and enabling sustainable growth and development by allocating capital to where it is needed.

Our success depends on the degree to which we deliver value to society, and it is therefore important to understand our role in society and how society can be different and better because Nedbank is a part of it. A deep understanding of our purpose directs our strategy and decision-making, resulting in an optimal balance between long-term value creation and short-term results.

Nedbank Group

A strong and profitable business enables continued investment in our employees and operations, which in turn creates value for our clients, shareholders, and society at large.

Employees

Our employees are our greatest asset and key to making Nedbank a great place to bank and work. Motivated and skilled employees, together with efficient, innovative, and value-creating solutions, services, and operations, offer value to our clients. Employees, as part of society, contribute materially to the communities where they live and work.

Value is created and preserved through:

- employment opportunities in the countries in which we operate;
- rewarding employees for the value they add;
- providing flexible working practices;
- encouraging our employees to embrace technological changes, further their careers, and improve our services and products; and
- contributing to the transformation towards a more inclusive society through diversity, equity, and inclusion.

Clients

Our clients are our largest source of deposits, which enables us to fund lending activities. Gaining more clients and deepening existing relationships result in greater revenue growth, while responsible banking practices and world-class risk management mitigate value erosion.

Value is created and preserved through:

- safeguarding deposits, investments, and wealth while growing returns;
- providing credit in a responsible manner that enables wealth creation, sustainable development and job creation aligned with the SDGs and the drive to transition to a net-zero economy by 2050;
- facilitating transactions that are the backbone of economic value exchange;
- enabling financial inclusion by offering unbanked clients access to affordable products;
- providing financial education and advice; and
- developing innovative solutions that meet our clients' specific needs.

Shareholders

The financial capital we source from our equity and debt investors and our retained earnings enable business continuity and growth, including strategic investments.

Value is created and preserved through:

- increasing NAV, returns, dividends and the share price;
- maintaining a strong balance sheet to support growth and protect against downside risk;
- investing in and growing our client franchises and our people sustainably;
- following good ESG practices that ensure a sustainable business for the long term; and
- operating within our risk appetite.

Government

The tax we pay and investments in government and public sector bonds are imperative for the economic and social development of the countries in which we operate.

Value is created and preserved through:

- contributing meaningfully to government budgets through our own corporate taxes and employees paying personal taxes;
- investing in government and public sector bonds as required by prudential regulation, thereby partially supporting the funding needs of government; and
- participating in public-private partnerships to leverage the strength of corporate SA to address SA's Just Transition, including investment needed in energy and infrastructure.

Regulators

Regulation reduces systemic risk and promotes the healthy functioning of an economy in which all stakeholders prosper. Good governance and compliance support client and investor confidence in Nedbank. We have a responsibility to comply fully with the regulations of the countries in which we operate.

Value is created and preserved through:

- embracing responsible banking practices and regulatory compliance, which enable a safe and stable banking system and a thriving society.

Society

We embrace our role in society as an active contributor to building a thriving society and can do this only with engaged communities that have the same values.

Value is created and preserved through:

- transforming economies, the environment and society positively through our lending and investment activities, aligned with the SDGs;
- playing a meaningful role in the broader society as a procurer and consumer of goods and services; and
- making a difference through our partnerships and corporate social investment activities.



Ensuring value creation through good governance

Overview of how good governance and strong leadership support the creation and protection of value, while minimising the risk of value erosion.

Reflections from our Chairperson



> As South Africa celebrates the 30th anniversary of its democracy, it is with a sense of pride and respect for our collective journey that I write my first Integrated Report message as Chairperson of the Nedbank Board. Nedbank's own growth and evolution over the past 3 decades has been inextricably linked to the nation's path, and we have been privileged to witness, and contribute to the country's resilience and potential.
>
> **Daniel Mminele,** Chairperson

It has been an exciting journey since my appointment as Chairperson in June 2023. I would like to use this opportunity to convey that I have been impressed by the depth of talent, experience and passion I have witnessed not only around the Nedbank Board table, but throughout the Nedbank Group. The dedication and determination of the people of Nedbank to confront the challenges of a difficult operating environment and resolutely deliver on Nedbank's purpose to use its financial expertise to do good has been an inspiration for me.

Nedbank's commitment to solid business ethics, underscored by our adherence to the King IV principles and core values of rigorous governance, transparency and accountability underpin our purpose. These practices have been instrumental in maintaining our high environmental, social, and governance (ESG) ratings.

While my 1st year has indeed been exciting, it would be amiss of me not to mention the challenges that have faced Nedbank, and indeed all businesses in South Africa (SA) and Africa in 2023, most notably the uncertain international and domestic economic environment. The global economy ended 2023 on a soft footing, with tighter monetary policy affecting sentiment and demand. However, there were glimmers of positivity, including a services sector that showed strength in the latter part of the year, and resilient economic activity in most emerging markets. However, global performance ultimately remained a mixed bag, with the US economy expanding well, while the eurozone faced a potential technical recession, and the UK's performance remained weak. The Chinese economic rebound has been disappointing, but the targeted stimulatory measures will support demand in 2024. However, the deep structural imbalances will constrain economic growth in the world's second-largest economy. The global economy also faced the continuing repercussions of the pandemic, the Russia-Ukraine conflict, and a pervasive cost-of-living crisis. Towards the latter part of the year, the escalating Israel-Gaza war and resultant geopolitical tensions in the Middle East threatened to further impact oil prices and global inflation.

Despite these challenges, there have been positive developments. In Africa, nations like Zambia and Ghana have shown determination in managing their debt, and a constructive handling of Kenya's upcoming eurobond repayments will further strengthen confidence. In southern Africa, falling inflation has paved the way for lower interest rates in the period ahead, although drier weather conditions continue to threaten agricultural output, while the still subdued commodity prices will contain growth. SA's economy, despite disappointingly slow growth, has shown some resilience, but the strain of many domestic challenges is becoming increasingly evident. Real gross domestic product (GDP) grew by only 0,6% in 2023, highlighting the need for urgent and more focused attention on crime and corruption, electricity and water insecurity, and failing bulk transport networks.

Public-private partnerships

The imperative for public-private partnerships (PPPs) is clear. Our nation has endured significant setbacks, notably from Eskom's unprecedented load-shedding and Transnet's logistical woes. The South African Reserve Bank estimates a substantial negative impact on our GDP growth due to these disruptions. Addressing the triad of crime, corruption, and infrastructure inefficiencies is critical.

Reflections from our Chairperson continued

The private sector, including Nedbank Group, has been vocal about its willingness and desire to partner with the government in overcoming these challenges, not just through investment, but also by offering its vast expertise. Nedbank is ready to collaborate and deliver on our commitment to use our financial expertise to do good by contributing to better governance, sustainability, and the shared goal of a thriving South African economy so that, together, we can address the systemic challenges of inequality, unemployment and poverty to lift the country to new heights of prosperity.

Building SA together

As we approach the South African national elections, it is an opportune moment to reflect on our nation's democratic journey and to recommit to contributing to its growth and evolution. The elections serve not only as a checkpoint but also as a catalyst for re-envisioning our collective path toward a prosperous future.

To enhance SA's appeal as an investment destination, we must draw lessons from our past successes, such as the growth seen from 2005 leading up to 2010. The keys to replicating this growth pattern lie in, among others, improving the efficiency of essential services, stabilising energy and water supply, fixing transport logistics, and addressing crime and corruption.

Banks and financial institutions have a significant role to play in building this sustainable future. Nedbank remains committed to doing this, as evidenced by our leading position in sustainable development finance (SDF) in general and renewable energy finance in particular as we continue to tilt our portfolio to areas that create positive impacts.

Focused on the future

In 2023 the board of directors focused on several key areas to ensure the robustness and strategic growth of our group in line with the priorities outlined in our previous Integrated Report and the evolving operational landscape. We recognise the critical nature of succession planning and have been proactive in this regard. The Group Directors' Affairs Committee worked diligently to ensure the continuity of the board by planning for the succession of directors reaching the end of their tenure and retirement. The past year saw some significant transitions, including my appointment as the new Chairperson and Jason Quinn as the Chief Executive-designate. Additionally, we welcomed Terence Nombembe to the board, whose expertise spans several critical sectors. Executive leadership transitions were also well managed with new appointments in key roles of Chief Risk Officer and Chief Information Officer following retirements.

Strategically, our board has engaged in rigorous debates and contributed valuable insights to the group's strategy, endorsing the updated 3-year business plan and setting the resultant external targets to end 2025. We continued to focus on maximising our information technology (IT) investments to enhance digital experiences, drive profitable growth through superior client experiences, and cultivate an outstanding employee experience. We are directing significant investments into technology, data, artificial intelligence (AI), and optimising our operating model. In addition, our risk management practices have been sharpened to navigate key risks amid global volatility and uncertainty.

Understanding that our success is intertwined with societal and environmental well-being, we continue to prioritise sustainable economic development and recognise the importance of ESG matters to our investors. In 2023 we enhanced our governance and risk management to include broader sustainability considerations, with the board expanding the mandate of the Group Climate Resilience Committee to become the Group Sustainability and Climate Resilience Committee. The new ESG Risk Management Framework was established, reflecting our commitment to addressing a wide spectrum of ESG risks.

Committed to transparency

The board and management continue to manage and safeguard Nedbank's reputation in a manner that prioritises accountability and transparency. In the ongoing alleged forex manipulation case against multiple banks, the Competition Appeal Court (CAC) dismissed the Competition Commission's case against Nedbank, and while the Competition Commission has since applied to the Constitutional Court for leave to appeal the CAC decision, Nedbank maintains that the allegations levelled against us are baseless and we will continue to defend ourselves against claims brought by the Competition Commission.

As publicly stated over the past few years, while the Zondo Commission itself made no findings against Nedbank, Nedbank continues to cooperate fully with the various additional investigations into certain transactions following recommendations by the Zondo Commission. The board has previously requested and approved the terms of reference for comprehensive independent technical and legal reviews in respect of these transactions. Based on these reviews we remain of the view, as previously stated, that there has been no wrongdoing on the part of Nedbank in relation to transactions mentioned in the report of the Zondo Commission.

We are committed to fostering honest and trustworthy relationships with all our stakeholders, both internal and external, and we have a zero-tolerance policy towards corruption. As such, we hold all stakeholders, including our clients, service providers, and employees, to the highest standards of ethical conduct and integrity.

Looking forward

In the near term, Nedbank Group will have to navigate the future against a continued challenging global economic and geopolitical backdrop. SA, being a relatively small and open economy, and given our limited control over international developments, we need to get right that which is within our control in terms of policy choices and their effective and efficient implementation, informed by a collaborative approach between the public and private sector, and underpinned by a common purpose.

The fortunes of the banking sector are inextricably linked with SA's economic prospects. The economy has been trapped in a low-growth environment, with GDP growth in recent years lagging population growth. The Nedbank Group Economic Unit forecasts a modest growth in GDP of 1% in 2024, reflecting a slight improvement largely buoyed by renewable energy investments, despite binding constraints related to energy supply, and transport and logistics. In the medium term, GDP growth is expected to reach 1,5%, which continues to be insufficient to address key challenges the country is facing, pointing to an urgent need to make more meaningful progress with structural reforms that will help lift SA's potential growth rate.

Addressing the greylist status assigned by the Financial Action Task Force (FATF) remains an urgent priority. Fortunately, some strides are being made toward rectifying the identified deficiencies and, while National Treasury forecasts any reclassification is likely to only take place in 2025, the positive steps that are being taken augur well for the economy.

As we celebrate 30 years of a democratic SA, let us hold steadfast to the strides we've made as a nation. Irrespective of the outcome of the 2024 national elections, it is incumbent upon us to unite behind a vision that prioritises higher levels of inclusive economic growth and job creation, and to vigorously address corruption and inefficiencies in the economy. Our collective commitment to

Reflections from our Chairperson continued

holding each other accountable is essential for the legacy of our democracy and the future we leave for generations to come.

There is no doubt that banking in SA, and across Africa, will continue to rapidly evolve, driven by, among other things, the growth of digital payments, infrastructure finance and increased competition in small and medium-sized enterprise/business banking. As new players emerge, Nedbank Group aims not only to compete, but to lead through innovation and a relentless commitment to superior client experience, inclusion and sustainable development. Our strong capital and liquidity foundations position us to embrace the evolving competitive landscape, and the opportunities it will bring for all stakeholders.

Finally, one of the key issues that stood out as a highlight at the recent World Economic Forum in Davos was the fact that generative artificial intelligence (GenAI) is now firmly on the radar of every business and government around the world. Many people and organisations are looking at GenAI through a lens of fear and uncertainty, but for us at Nedbank Group, GenAI can, and will, be a catalyst for productivity and growth and new employment opportunities. As such, we are proactively embedding AI across our value chain, continuing to invest in AI and data analytics to drive intelligent decision-making, and working to harness its full potential, but always with a people-centred approach.

Appreciation

I would like to extend my deepest appreciation to the many individuals and groups who contribute to the success and vibrancy of Nedbank Group. To our boardmembers, your collegiality, guidance and wisdom continue to be both an inspiration to me as well as the compass that directs our strategic decisions. To the Group Exco, thank you for your leadership and commitment which ensures that these decisions are executed with the requisite level of care and diligence as we deliver to our broad range of stakeholders.

To the entire Nedbank Team, I convey on behalf of the board our appreciation for your dedication and hard work which are the foundation on which our success is built. It is through your efforts that we continue to thrive in a complex and ever-changing environment. Thank you also to our business partners and suppliers whose unwavering support and collaborative spirit drive our mutual success. To our shareholders, your continued trust and investment empower us to pursue growth and innovation. Finally, thank you to our loyal and valued clients. You are the reason we strive to be better every day. As we celebrate our young democracy as a nation, let us also reflect on the legacy we wish to leave for the next generation, and continue to play our part in ensuring a prosperous future.

A special note of gratitude is reserved for our outgoing Chief Executive, Mike Brown. Mike's tenure has been nothing short of transformative. His exceptional leadership, unwavering dedication, and strategic vision have been pivotal in steering Nedbank Group from strength to strength over the past 14 years he has been Chief Executive, and over the 30 years he has been with the group. Under Mike's stewardship, the group successfully navigated an ever-increasing complex and uncertain operating environment, including steering the Nedbank ship through various domestic and internationally induced crises, the most recent being the Covid-19 pandemic, ensuring that the Nedbank Group emerged stronger.

Mike was at the helm during the managed separation from Old Mutual, a complex and critical milestone successfully concluded in 2018. In a competitive landscape, he championed our digital transformation, driving the bank's innovation agenda forward and overseeing the successful Managed Evolution technology rebuild. This initiative has firmly established Nedbank's reputation as a leader in digital innovation. Moreover, Mike has been instrumental in embedding our commitment to sustainability, recognising the green agenda as a strategic imperative for our future and ensuring Nedbank is positioned as a market leader in renewable energy finance in particular.

Mike was rightly honoured with the Sunday Times Business Leader of the Year award in 2020 – a testament to the respect and admiration of his peers.

As we bid farewell to Mike, we also warmly welcome Jason Quinn as the incoming Chief Executive. Jason brings with him a wealth of experience from his time as CFO at Absa, along with a proven track record in banking across SA and other parts of the African continent. We are confident that he will build upon Mike's impressive legacy, and lead Nedbank into a future filled with even more promise and potential.

Daniel Mminele
Chairperson

A legacy of excellence

Mike's tenure as CE since 2010, and previously as CFO from 2004, is a testament to his exemplary leadership. During the challenging Covid-19 period, Mike's leadership was recognised with the Sunday Times Business Leader of the Year award in 2020, an accolade determined by the votes of CEOs from the top 100 companies listed on the JSE.

Under Mike's guidance, the group embraced its mission to leverage financial expertise for societal benefit, fostering a culture of diversity and inclusion within Nedbank. This commitment to corporate social responsibility is reflected in the group's consistent level 1 BBBEE ratings over the past 6 years. Furthermore, Mike orchestrated the managed separation from Old Mutual, culminating in a successful conclusion in 2018.

In the face of a competitive industry, Mike was at the forefront of the bank's digital transformation and innovation agenda. His leadership in the Managed Evolution technology rebuild solidified Nedbank's reputation as a digital innovation leader, culminating in the bank achieving the highest client satisfaction rating (NPS) in SA.

Mike's dedication extended beyond the financial sector, as he actively supported various social and environmental initiatives. He played a pivotal role in the CEO Initiative, served as Deputy Chairman of Business Leadership SA, and was a former Chairman of the Banking Association South Africa. His commitment to sustainability led to Nedbank's strategic focus on environmental issues and social sustainability efforts in the communities it serves, including significant involvement in the Youth Employment Service. As such Nedbank retained its leadership in social and environmental matters.

After 30 years of dedicated service, Mike's departure leaves a lasting legacy on the group's history, marked by his passion and influential leadership.







Governance at Nedbank

The board strives to optimise value for all stakeholders by fulfilling our purpose of using our financial expertise to do good; executing our strategy to enhance our competitiveness and differentiation; ensuring the sustainability of our business model; monitoring the external environment and assessing key risks, as well as the availability and quality of the group's capitals; and understanding the needs of all relevant stakeholders.



The board's governance philosophy

Nedbank is committed to the highest standards of governance, ethics and integrity, which are essential for sustained value and to protect the interests of all our stakeholders. We believe that good governance is essential to promote our values through accountability, effective risk and performance management, transparency, and ethical leadership.

We embrace world-class banking practices and robust institutional governance and risk frameworks to ensure our banking services are secure and stable. We regularly review these practices and frameworks to ensure that we act in the best interest of all our stakeholders, considering the everchanging landscape in which we operate, including factors such as economic changes, geopolitics, cultural shifts in the workplace, digital trends such as AI and data security, as well as climate change risks. We are also mindful that banks are expected to adapt to regulatory changes quickly, which means we must entrench good governance practices, while remaining flexible in responding proactively to the fast-changing regulatory environment. However, governance at Nedbank goes beyond mere compliance with legislation and best practices.

The board's governance oversight is driven by its commitment to fulfilling its responsibilities and governance objectives through the application of the principles and practices outlined in King IV.



We provide detailed disclosure on our governance objectives and the application status of the King IV principles in our Governance Review available online as part of our 2023 Governance Report at nedbankgroup.co.za.

Key board focus areas in 2023

In line with the board priorities that we identified and communicated in our 2022 Integrated Report, as well as external developments in the operating environment, the following areas received heightened focus in 2023:

1. **Board and executive succession**
2. **Delivery of the group's strategy and targets**
3. **Managing the group through a difficult environment**
4. **ESG, climate change, and ensuring a Just Transition**
5. **Reputational matters**

1 Board and executive succession

Succession planning is an extremely important responsibility of the board as a whole, assisted by the Group Directors' Affairs Committee (DAC). The DAC ensures that, where directors are reaching tenure and retirement age, board continuity is maintained through active succession planning that considers any changes to the skills needed on the board in terms of the group's strategy. The DAC also monitors the split between executive, non-executive and independent directors as well as the diversity, skills, experience and tenure of boardmembers as shown on pages 26 and 27.

In this context, 2023 was a milestone year in which the group announced the appointments of a new Chairperson (Daniel Mminele) and Chief Executive (CE)-designate (Jason Quinn), as well as changes to the board and Group Exco.

Chairperson succession – On 1 May 2023 Daniel Mminele was appointed as an independent non-executive director and Chairperson-designate post the retirement of Mpho Makwana at the close of the group's 56th AGM on 2 June 2023. At the AGM, Daniel received 99,9% votes in favour of his appointment to the board, illustrating strong shareholder support.

CE succession – After the successful completion of the chairperson succession process, the board, supported by a global search firm with a strong domestic presence, commenced a process to choose a successor to Mike Brown who has joined the Nedbank Group 30 years ago, has been the CE since 2010 and an executive director since 2004. Following a rigorous process, considering both internal and external candidates that were both racially and gender diverse, Jason Quinn was announced as CE-designate on 22 November 2023 after emerging as the most suitable candidate. Jason will assume the role of CE on Mike's planned retirement from the boards at the close of the group's AGM on 31 May 2024. Mike will remain at Nedbank for another 3 months as a senior adviser to ensure a seamless handover to Jason.

Board changes – In addition to Mpho Makwana, Dr Mantsika Matooane retired from the board following the completion of her 9-year term, while Prof Tshilidzi Marwala stepped down to take up the role as the next Rector of the United Nations University in Tokyo, and Mteto Nyati stepped down to take up the role of Chairperson at Eskom. The board extended the tenure of Brian Dames for an additional year given the need for continuity on the Group Climate Resilience Committee. Terence Nombembe (independent non-executive director) was appointed to the board, adding valuable experience and expertise in the areas of regulation, financial services, accounting, economics, social matters, and politics. The focus on board succession continues in 2024 in light of scheduled retirements over the next 3 years.

Executive leadership changes – The DAC reviews the succession plans for Nedbank Group Executive Committee members. During the year, and in terms of those executive succession plans, Dave Crewe-Brown was appointed as the group's Chief Risk Officer, and Ray Naicker was appointed as the group's Chief Information Officer, after their predecessors, Trevor Adams and Fred Swanapoel reached the group's retirement age of 60.

2 Delivery of the group's strategy and targets

Strategic discussions at the board and relevant board subcommittee meetings remained a key agenda item. The board debated and provided input into the group's strategy and deliberated on material matters throughout the year before approving the group's 3-year business plan in November 2023.

The group's strategy, which incorporates the strategic value drivers of growth, productivity and risk and capital management, drives value creation as we seek to deliver on our short-, medium- and long-term targets as shown on **page 55**. Value creation is enabled by 5 strategic unlocks: digital leadership; market-leading client experiences; focusing on areas that create value; driving efficient execution; and creating positive impacts – all underpinned by the group's world-class technology platform and its people and culture.

Read more about our strategy on pages 55 to 67.

In 2023 the board and management discussed strategies to further optimise and profitably grow the franchise. These included:

- leveraging and commercialising the group's IT foundations and investments to amplify the **digital experience (DX)** through leading digital innovations;
- accelerating profitable growth and the delivery of the group's purpose through enhanced **client experience (CX);** and
- intensifying the group's differentiated **employee experience (EX)** to ensure we attract and retain the best talent.

In an environment that has become more challenging, as evident in the material matters discussed on **pages 41 to 50**, the board reviewed the progress made towards the group's medium- and long-term financial targets. While all targets remain in place and suitably ambitious and stretching, the macroeconomic environment has become more challenging since these targets have been set at the start of 2022. It is likely that the group's medium-term (2025) cost-to-income ratio target of < 52% will be achieved only a year later in 2026.

As part of business planning for 2024 to 2026, the board signed off the group's material matters and financial and non-financial targets, and made decisions to secure strategic resources for the future, involving the group's various capitals. This included capital, liquidity and funding plans, as well as IT [Group Information Technology Committee (GITCO)-approved], marketing, compliance, risk appetite [Group Risk and Capital Management Committee (GRCMC)-approved], and human capital plans. Key considerations included resource allocation to technology initiatives and ongoing digital innovations, building our capabilities in data and AI, and optimising various capitals under our target operating model initiative, such as the group's real estate (branches and own offices – manufactured capital) and employees (human capital).

Key board focus areas in 2023 continued

3 Managing the group through a difficult environment

Risk management was again a key focus in 2023, with emphasis on the group's top 5 risks as we navigate through conditions of volatility, uncertainty, and low economic growth in a world seemingly in permacrisis with elevated geopolitical risks. Integrated thinking becomes evident as we continue to make trade-offs and capital allocation decisions to manage our risks but, at the same time, unlock new opportunities.

Business risk – Oversight at the level of the board and various board committees of the impact of volatility and material changes in both the global and local environments, particularly the implications of sociopolitical developments such as the conflicts in Ukraine and the Middle East, high levels of inflation, the steep rise in interest rates, record levels of load-shedding and electricity shortages in SA, heightened competition, and climate change impacts. In this context, the group retained a strong balance sheet to protect against downside risk and developed action plans to manage impacts from higher impairments to ensure the group reported a solid set of 2023 financial results as discussed on **pages 75 to 79**.

Credit risk – Oversight by the Group Credit Committee (GCC) of clients in the RBB consumer segment that came under stress from the impact of higher interest rates and inflation, particularly in home loans and personal loans, as well as the few clients in CIB that went into business rescue. At the end of 2023 the group's credit loss ratio (CLR) at 109 bps exceeded its target range of 60 bps to 100 bps and improved from the 121 bps reported in H1 of the year following focused management interventions in respect of collections and origination. Pleasingly, the RBB CLR is trending down, although it may still be elevated in H1 of 2024 given the impact of seasonality, while risks associated with CIB clients in business rescue are mostly behind us.

Cyberrisk – Oversight by GITCO and GRCMC of the increasing threat of cyberattacks and the increased levels of digitisation across the business, data privacy, data loss protection, as well as the increasing focus of the group on AI as discussed on **page 60**.

People risk – Oversight by the Group Transformation, Social and Ethics Committee (GTSEC) and the Group Remuneration Committee (Group Remco) of risks relating to ongoing skills shortages, increased competition for scarce skills, employee well-being and the unprecedented levels of change, hybrid work practices, as well as succession planning.

Strategic execution risk – Oversight at the level of the board, GITCO, DAC, GRCMC and GTSEC of the group's technology strategy, as well as delivery on strategic portfolio tilt (SPT) and operating model ambitions.

Our top 5 risks

1. Business
2. Credit
3. Cyberrisk
4. People
5. Strategic execution

Read more about our top 10 risks on pages 51 to 54.

4 ESG, climate change and supporting a Just Transition

Nedbank, alongside our stakeholders, operates in a nested and interdependent system. This means that for our business to be successful, we need a thriving economy, a well-functioning society, and a healthy environment. To this end we can play a key role in driving sustainable economic development for the benefit of all stakeholders. We also recognise that ESG matters such as climate change, a Just Energy Transition, diversity, equity and inclusion, and good governance practices to name a few, are top of mind for investors.

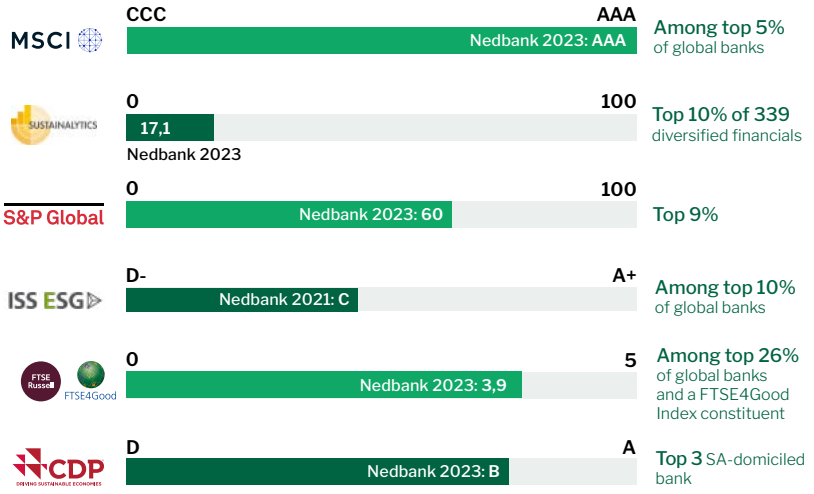
The following governance- and risk-related initiatives were implemented:

- The Group Climate Resilience Committee was renamed as the Group Sustainability and Climate Resilience Committee (GSCRC). Its mandate will expand to reflect broader sustainability and ESG considerations, including oversight of environmental and social risks and opportunities beyond and in addition to climate risks and opportunities, referencing international standards, including the International Financial Reporting Standards (IFRS) S1 and S2 and the Taskforce on Nature-related Disclosures (TNFD). Its mandate now includes the identification and regular monitoring of controversial matters, the accuracy of reporting and expanded roles and responsibilities to include the ESG Risk Management Framework, and ensuring alignment with the group's work around purpose fulfilment. This change will come into effect from 1 April 2024.
- The ESG Risk Management Framework was approved in 2023, focusing on a broad range of ESG risks and factors faced by the group and its counterparties, as well as on setting the principles for the implementation of sound ESG risk management practices across the group's activities. Embedding ESG risk management into core activities supports the achievement of the group's strategic objectives.
- We initiated a groupwide institutional capacitation programme, Purpose Programme of Work (PPOW), focusing on integrating climate and broader sustainability across the organisation in key areas such as strategy, risk, credit, and governance.

Read more about the progress we have made on ESG and sustainability matters and the targets we have set through our strategic value unlock of creating positive outcomes on pages 65 to 67.

Independent ESG ratings of Nedbank

We continually engage with shareholders and stakeholders on strategy, sustainability and ESG matters. This enables our board to exercise constructive influence, as and when appropriate, receive valuable feedback, and protect the interests of our shareholders. Additionally, we strive to maintain world-class transparent reporting through our comprehensive suite of reports. This has enabled us to retain our top-tier ESG ratings.



Key board focus areas in 2023 continued

A decade of proactively engaging on ESG matters

In 2023 we celebrated our 10th annual ESG shareholder roadshow. These meetings were led by Mpho Makwana (Board Chairperson at the time) and supported by Hubert Brody (Lead Independent Director and Chairperson of our Group Remco and the DAC), Stanley Subramoney [Independent Director and Chairperson of the Group Audit Committee (GAC)], and Daniel Mminele (Chairperson-designate at the time). The primary focus of the discussions was on succession planning considering board changes and the anticipated retirement of Chief Executive, Mike Brown. Other areas of discussion included remuneration (with no material issues raised); the importance of the role that banks play in moving towards a net-zero economy (Nedbank is seen as the leading bank in this area and investors were looking forward to the disclosure of our fossil fuel glidepaths); support for the group's R5bn capital optimisation initiative; dividend considerations; updates on mandatory audit firm rotation (MAFR); oversight of IT and technology developments; progress on DEI; and addressing reputational matters. In recognition, the Nedbank Board was once again voted #1 among financial services companies in the 2023 Institutional Investor emerging EMEA survey.

AGM voting outcomes and important resolutions

All the resolutions at the 56th AGM (2023) were passed. Noteworthy resolutions include the following:

Key resolutions at the 56th AGM (2023)	2023 votes in favour
Advisory endorsement, on a non-binding basis,) of the following: • Nedbank Group Remuneration Policy • Nedbank Group Remuneration Implementation Report	90,4% 74,8%
Appointment of Daniel Mminele as Chairperson.	99,9%

Key resolutions at the 57th AGM (2024)
Advisory endorsement, on a non-binding basis, of the group's Remuneration Policy and Implementation Report. Remuneration remains a focus and we continue to engage proactively with our shareholders to get their feedback and address issues raised.
Election of Jason Quinn as Nedbank Group CE and executive director.
Appointment of KPMG as external auditor alongside Ernst & Young as joint auditors.

5 Reputational matters

We are committed to fostering honest and trustworthy relationships with all our stakeholders, both internal and external, and have a policy of zero tolerance towards corruption. We hold all our stakeholders, including our clients, service providers, and employees, to the highest standards of ethical conduct and integrity.

In this context the following reputational matters were top of mind for the board in 2023:

- **Investigations foreshadowed in the Zondo Commission –** Nedbank continues to cooperate with various enquiries and investigations that are underway in respect of transactions mentioned in the Zondo Commission report. These engagements may result in Nedbank entering into negotiations or, failing which, becoming involved in litigation and associated regulatory proceedings with various parties. Given that there is no evidence of any wrongdoing, collusion, or corruption on the part of Nedbank, we will strongly defend any litigation against us.
- **High-profile account closures –** In 2022 media reports highlighted a few high-profile cases where clients' accounts had been closed. Subsequently, Nedbank was involved in various legal processes in this regard. In particular, urgent interdicts were granted by the Equality Court and the Competition Tribunal against Nedbank and other banks. These interdicts ordered us to reopen and keep open clients' accounts that had been terminated on the basis of reputational risk. In December 2023 the Supreme Court of Appeal overturned the Equality Court interdict against Nedbank and in January 2024 the Competition Tribunal refused to further extend the interim interdict against Nedbank and other banks. Decisions to terminate banking relationships with clients are neither arbitrary nor discriminatory and are taken extremely seriously, as clients are the essence of our business. Such decisions are taken only after a rigorous assessment and an internal independent governance process with reference to all the relevant information and facts have been followed, including a comprehensive due-diligence process overseen by the board. Nedbank is bound by client confidentiality and therefore does not disclose client matters in our external disclosures. As a result of our ongoing reviews of client activity and related reputational risks, during 2023 we offboarded just over 190 clients.
- **Competition Commission investigation into rand-dollar exchange manipulation –** The Competition Commission cited 28 banks in a referral of a complaint to the Competition Tribunal regarding allegations on the rand-dollar exchange manipulation. Nedbank and all implicated banks raised different technical arguments against the referral, among which was that the Commission's allegations are impossible to plead to. The Competition Tribunal dismissed all these technical objections. Nedbank lodged an appeal and review application with the Competition Appeal Court (CAC), against the dismissal (along with 15 other banks). On 8 January 2024 the CAC dismissed the Competition Commission's case against Nedbank. The Competition Commission has since applied to the Constitutional Court for leave to appeal the CAC's decision. The Competition Commission is not appealing the CAC's decision in respect of Nedbank Group. Nedbank maintains that there is no evidence against it or any of its traders participating in any of the chatrooms, or being involved in any so-called 'single overarching conspiracy' to fix the rand-dollar currency pair in contravention of the Competition Act. Nedbank therefore intends to oppose the Competition Commission's leave to appeal to the Constitutional Court of South Africa and will continue to defend itself against all these claims brought by the Competition Commission.

Focus areas of the board in 2024

1. **Chief Executive succession and handover**
2. **Talent retention**
3. **Delivering the group's strategy and targets**
4. **Managing the group through an uncertain environment**
5. **Climate change and a Just Transition**

Key board discussions and approvals in 2023

In addition to the 5 focus areas, the board had various discussions aimed at creating and protecting value and minimising the risk of value erosion in 2023.

Jan/Feb

Annual board kick-off, which covered topics such as geopolitical challenges; SA's Just Energy Transition Plan; risk management and balance sheet management; digital assets (crypto currencies); the legal and regulatory horizon; the labour market; and people risk.

Approved and announced the appointment of chairperson-designate, Daniel Mminele.



Discussed the results of the 2022 internal board and board committee evaluations.

Approved a R5bn capital optimisation initiative to be executed through a general share repurchase programme and odd-lot offer.

Mar/Apr

Approved the 2022 annual financial results and final ordinary dividend.

Approved the 2022 Integrated Report and suite of ESG-related reports.

Approved the 2022 Pillar 3 Report.

Approved the group's 2023–2025 forecasts, updated after the 2022 year-end.

Approved further odd-lot offer execution resolutions.

Considered and agreed on the directors to be put forward for re-election at the AGM.

Approved the annual remuneration review of the CE and Group Exco as well as the Remuneration Policy.

Approved the group's ESG Risk Management Framework.

May/Jun

Considered the proposed acquisition of Eqstra Fleet Management.

Engaged in the annual strategy planning session.

Held the group's 10th annual ESG roadshow with shareholders and provided feedback to the board.

Announced the retirement of CE, Mike Brown, and the start of a succession process.

Held the group's 2023 AGM (virtual and in-person options).

Considered the feedback provided through the 2022 results and ESG roadshows.

Undertook blackout planning.

Jul/Aug

Approved the group's 2024–2026 Strategic Planning Framework.

Approved the group's 2023 interim results.

Approved the 2023 Internal Capital Adequacy Assessment Process (ICAAP) Report and Internal Liquidity Adequacy Assessment Process (ILAAP) Report.

Sep/Oct

Held the annual meeting with the Prudential Authority (PA) and the FSCA to discuss the group's medium- and long-term strategy.

Signed the annual Board Ethics Statement.

Received annual AML, CFT, CPF and sanctions training.

Considered the feedback provided through the 2023 interim results roadshows.

Undertook the annual review of the ERMF.

Approved the proposed issuance of redeemable preference shares.

Approved the proposed acquisition of Eqstra Fleet Management.

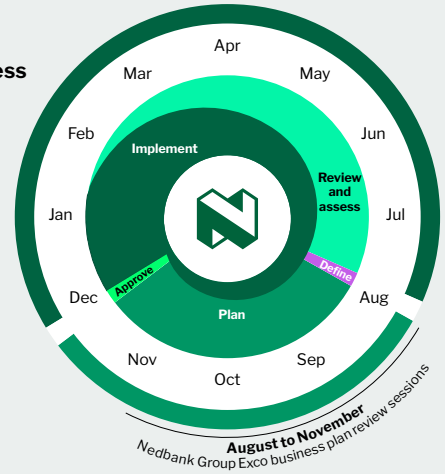
Nov/Dec

Interrogated and approved the Nedbank Group business plan for 2024–2026, associated external targets, as well as the group's material matters.

Approved and announced the appointment of CE-designate, Jason Quinn.



Strategic and business planning



The CE succession process was considered in various board meetings (including ad hoc board meetings convened specifically for this purpose) throughout the year. Other regular agenda items included detailed feedback to the full board from the chairpersons of board committees on key deliberations of those committees, comprehensive presentations by the CE on front-of-mind items, which incorporated, among others, financial performance updates and forecasts, discussions on the macroeconomic, sociopolitical and competitor environmental landscapes, value creation, strategic implementation and the status of key strategic actions, key risk and reputational matters, key people matters and progress on significant programmes underway in the organisation such as Managed Evolution, TOM 2.0 and SPT 2.0, as well as presentations by the CFO on our financial results and forecasts at regular intervals.

Director training during 2023

During the year, directors received comprehensive training on diverse topics, which included: geopolitical challenges; SA's Just Energy Transition Plan; energy transition and new technologies; risk management and balance sheet management; digital assets (including crypto currencies); the legal and regulatory horizon; financial crime trends and outcomes; anti-money-laundering, the combating of financing of terrorist and related activities, and the countering of proliferation financing (AML, CFT and CPF) and sanctions; the global state of responsible investing; executive compensation trends; compliance risk management and monitoring; ChatGPT; payments modernisation and evolution; labour markets and people risk; the latest view of the Indlulamithi (social cohesion) scenarios; ISSB sustainability disclosures and assurance; and the JSE Listings Requirements amendments.

Our Board of Directors

E Election at 57th AGM RE Re-election at 57th AGM



Daniel Mminele [59]
Chairperson: Nedbank Group and Nedbank Limited
Years on board: < 1 (Chairperson from 2 June 2023)

Hubert Brody [59]
Lead Independent Director
Chairperson: DAC, Group Remco
Years on board: 6

Neo Dongwana [51]
Years on board: 6

Errol Kruger [66]
Chairperson: GRCMC, GCC, Large Exposures Approval Committee
Years on board: 7

Phumzile Langeni [49]
Years on board: 2

Rob Leith [61]
Chairperson: GITCO
Years on board: 7

Linda Makalima [55]
Chairperson: GTSEC
Years on board: 6

Terence Nombembe [62]
Years on board: < 1 (Appointment as director effective from 1 January 2024)

Stanley Subramoney [65]
Chairperson: GAC
Years on board: 8

Brian Dames [58]
Chairperson: GCRC
Years on board: 9

Mike Brown [57]
Chief Executive
Years on board: 19

Mike Davis [52]
Chief Financial Officer
Years on board: 3

Mfundo Nkuhlu [57]
Chief Operating Officer
Years on board: 9

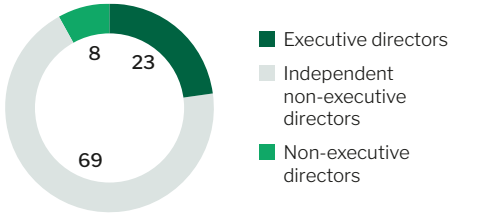
Independence – protecting the interests of all shareholders

ESG King IV™

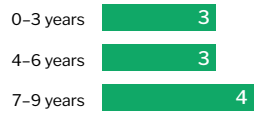
At 69%, the majority of Nedbank's boardmembers are independent directors, which complies with King IV and global best-practice governance. King IV™

The size of the Nedbank Board, at 13 members, is influenced by the demands of a large and complex banking industry. The size gives the board adequate membership for its 9 board committees, of which 5 are statutory, while adequate levels of independence are maintained.

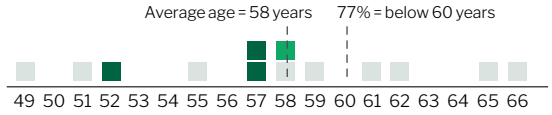
Executive and non-executive directors ESG
(%)



Non-executive directors: Tenure ESG
(Years)



Executive and non-executive directors: Age
(Years)





Jason Quinn – CE-designate

Jason [BAcc (Hons), CA(SA)] was most recently the Financial Director of Absa Group Limited and Absa Bank Limited, having been initially appointed to that role in 2016. He joined Absa in 2008, where he held finance roles in the Group and Retail and Business Banking. Jason was also the Interim Group Chief Executive Officer of Absa from April 2021 to March 2022. Before Absa, he joined Ernst & Young Inc in 1992, where he held the role of partner from 2005 to 2008. Given his previous roles, Jason is well known and highly regarded by the investment community.

Nedbank policy:

- Non-executive directors must retire at the 1st AGM that follows their reaching the age of 70 or after 9 years of being on the board as a non-executive, unless agreed otherwise by the board. They are given no fixed term of appointment, and all directors are subject to retirement by rotation in terms of the company's memorandum of incorporation (MOI).
- An executive director must retire from the board at the age of 60, unless otherwise agreed by the board. Executive directors are subject to 6-month notice periods. This excludes the CE, who is subject to a 12-month notice period.
- In terms of our MOI, one-third of all boardmembers retire at each AGM but may make themselves available for re-election. This is an established practice in SA to ensure accountability while maintaining board continuity.

Board representation at 31 March 2024.

Our Board of Directors continued

Skills, expertise and experience – a diversified board that adds value

ESG

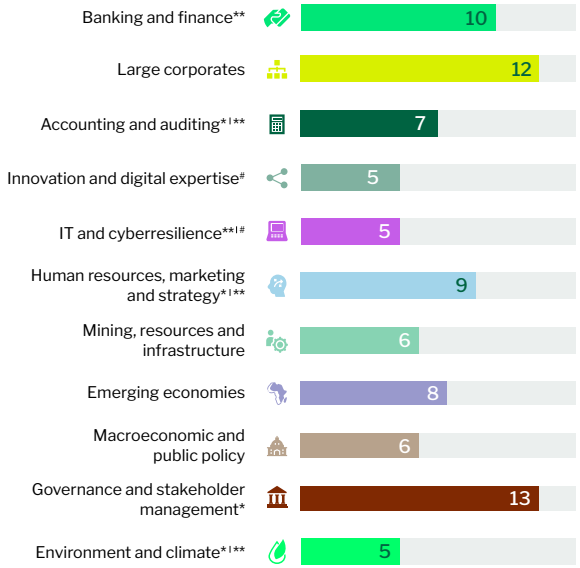
The boards of banks and financial services companies require a broad range of skills to govern and act in the best interest of all stakeholders. The appropriate mix of skills, expertise, and experience ensures that the board, as a collective, is well equipped to guide and drive strategy and thereby create and protect value.

The board, through the DAC, determines the required composition of skills in response to shifts in the group's long-term strategy and a rapidly changing environment. The appointments of Phumzile Langeni, Daniel Mminele and Terence Nombembe over the past 3 years strengthened the board's skillset in the following areas: risk management; banking and other financial services; accounting and auditing; mining, resources and infrastructure; large corporates; macroeconomic and public policy; human resources, marketing and strategy; and environment and climate change.

The board's succession process over the next few years looks to increase skills and expertise in key areas such as risk management; banking and other financial services; environment and climate; innovation and digital; and IT and cyberresilience. It also looks to replace boardmembers who have resigned (Prof Tshilidzi Marwala and Mteto Nyati) and retired (Mpho Makwana and Dr Mantsika Matooane).

Board skills and expertise

(Number of boardmembers with experience)



^ *Banking and finance.*
* *Key ESG experience.*
** *Key risk management experience.*
\# *Cyberrisk and technology.*

Diversity – being relevant in a transforming society

ESG

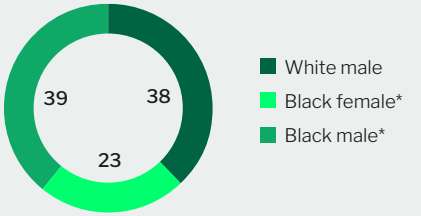
Board diversity is important for remaining relevant and sustainable in a fast-transforming society and promotes diversity of thought in board decisions. It is therefore no surprise that companies that embrace gender, race and ethnic diversity tend to achieve more sustainable outcomes.

Nedbank is deeply committed to diversity, equity and inclusion and the continued transformation of corporate SA. We strive to ensure that the composition of Nedbank boards must be appropriately representative.

- Our board includes members from the 4 main racial groups in SA (African, White, Coloured and Indian) as well as from diverse ethnic and cultural backgrounds, including those speaking Sepedi, isiZulu, Afrikaans, isiXhosa, and English.
- Black* boardmember representation at 62% is above our target of 50% and ranks among the highest in the South African banking peer group.
- Gender diversity at board level is low at 23%, and we are continuously reviewing our board succession planning to ensure we trend closer to internationally recommended practices and gender benchmarks set by ESG rating agencies.

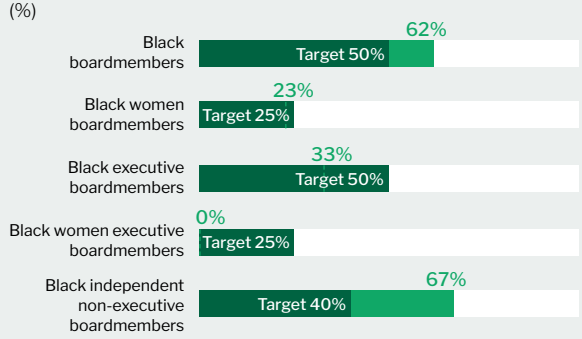
Board demographics ESG

(%)



Promotion of diversity at board level ESG

(%)



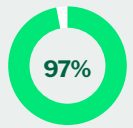
Nedbank policy:
Maintain board membership that represents the demographics of SA.

* *African, Coloured and Indian population.*

Our board structure and mandates

The board of directors provides leadership and strategic guidance to safeguard stakeholder value creation within a framework of prudent and effective controls. This makes it possible to assess and manage risk to ensure long-term sustainable development and growth. The board has ultimate accountability and responsibility for the performance and affairs of the company and ensures that the group adheres to high standards of ethical behaviour.

Board meeting attendance ESG



Total number of board and board committee meetings **67** (2022:68)

The board committees assist the board in the discharge of its duties and responsibilities. Each board committee has formal written terms of reference that are reviewed annually and effectively delegated in respect of certain of the board's responsibilities. These terms of reference are available at nedbankgroup.co.za. The board monitors these responsibilities to ensure effective coverage of and control over the group's operations.

Detailed reports from the chairs of the board and board committees are available in the group's 2023 Governance Report, which can be accessed at nedbankgroup.co.za.

Interdependency of board committees

The board's 9 formal committees report in detail on key discussions and activities at each Nedbank Group Board meeting, and the minutes of board committee meetings are also made available to all boardmembers.

Additionally, GITCO and GCC report to the GAC on the adequacy and effectiveness of the group's information system controls and the adequacy of the group's impairments respectively.

The chairs of GRCMC and Group Remco also meet separately to consider remuneration risks, and there is a formal process between Group Remco and GTSEC in respect of the consideration of the ethics of remuneration.

Interdependencies of committees



Nedbank Group and Nedbank Limited Board

Daniel Mminele
Chairperson

Nedbank Group	Nedbank Limited
10 meetings	**7** meetings

(of which 2 were ad hoc and/or short notice)



Group Audit Committee (GAC)

Stanley Subramoney
Chairperson

6 meetings



Group Risk and Capital Management Committee (GRCMC)

Errol Kruger
Chairperson

6 meetings



Group Credit Committee (GCC)

Errol Kruger
Chairperson

6 meetings



Group Transformation, Social and Ethics Committee (GTSEC)

Linda Makalima
Chairperson

3 meetings



Group Information Technology Committee (GITCO)

Rob Leith
Chairperson

4 meetings



Group Directors' Affairs Committee (DAC)

Hubert Brody
Chairperson

9 meetings



Group Remuneration Committee (Group Remco)

Hubert Brody
Chairperson

6 meetings



Group Climate Resilience Committee (GCRC)

Brian Dames
Chairperson

5 meetings

Our board structure and mandates continued

Group Audit Committee (GAC)*

Stanley Subramoney, Chairperson
Hubert Brody
Neo Dongwana
Errol Kruger
Phumzile Langeni
Terence Nombembe*

** Terence Nombembe was appointed with effect from 1 January 2024.*

Independent members (%)



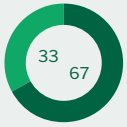
Mandate

- Assists the board in its evaluation of the integrity of our financial statements through evaluation of the adequacy and efficiency of our internal control systems, internal financial controls and accounting policies for financial and corporate reporting processes.
- Responsible for the appointment, compensation and oversight of the external auditors for the group, including managing interactions with the GAC and assessing their independence and effectiveness.
- Facilitates and promotes communication between the board, executive management, the external auditors and the Chief Internal Auditor.
- Recommends the annual financial statements to the board for approval.

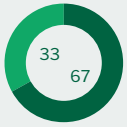
Capitals

- Financial
- Natural
- Intellectual
- Social and relationship

Race (%)



Gender (%)



Group Credit Committee (GCC)

Errol Kruger, Chairperson
Mike Brown
Mike Davis
Neo Dongwana
Rob Leith
Linda Makalima
Mfundo Nkuhlu
Stanley Subramoney

Independent members (%)



Mandate

- Assists the board in fulfilling its credit risk oversight responsibilities, particularly with regard to the evaluation of credit mandates and governance, policies and credit risk.
- Confirms the adequacy of credit impairments.
- Acts as the designated committee appointed by the board to monitor, challenge and ultimately approve all material aspects of the group's credit rating and risk estimation systems and processes.
- Reviews and exercises an approval and monitoring function in respect of large exposures via the Large Exposures Approval Committee.

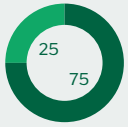
Capitals

- Financial
- Natural
- Intellectual
- Social and relationship

Race (%)



Gender (%)



Group Information Technology Committee (GITCO)

Rob Leith, Chairperson
Hubert Brody
Brian Dames

Independent members (%)



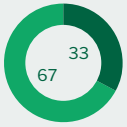
Mandate

- Oversees the execution of the board's approved IT and digital strategy.
- Performs, reviews and monitors enterprise IT matters to ensure that appropriate frameworks, procedures, structures and governance are in place for the consolidation, monitoring, management and reporting of IT risks and exposures on a group basis (eg cyberthreats and other regulatory risks).
- Ensures alignment and implementation of a well-coordinated, efficient, effective and properly resourced IT strategy, which enables the organisation to remain highly competitive.
- Assumes ultimate accountability for the effectiveness of all governance functions pertaining to the group's technology capability, as required by the Banks Act and in support of the requirements of the GAC.

Capitals

- Intellectual
- Manufactured
- Social and relationship

Race (%)



Gender (%)



Board committee representation at 31 March 2024.

Our board structure and mandates continued

Group Remuneration Committee (Group Remco)

Hubert Brody, Chairperson
Neo Dongwana
Phumzile Langeni
Stanley Subramoney
Rob Leith

Independent members (%)



Mandate

Enables the board to achieve its responsibilities in relation to the group's Remuneration Policy, processes and procedures, and specifically enables the group to do the following:

- Meet the requirements of section 64C of the Banks Act.
- Operate remuneration structures that are aligned with best market practice.
- Conform with the latest thinking regarding good corporate governance on executive remuneration.
- Align the behaviour of executives with the strategic objectives of the group.
- Recommend CE and Group Exco remuneration to the board for approval.

Capitals

- Financial
- Social and relationship
- Human
- Intellectual

Race (%)



Gender (%)



Group Risk and Capital Management Committee (GRCMC)

Errol Kruger, Chairperson
Mike Brown
Brian Dames
Rob Leith
Linda Makalima
Terence Nombembe*

** Terence Nombembe was appointed with effect from 1 April 2024.*

Independent members (%)



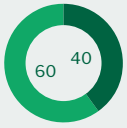
Mandate

- Ensures the identification, assessment, control, management, reporting and remediation of risks across a wide range of the organisation's Enterprisewide Risk Management Framework (ERMF).
- Sets and owns Nedbank's risk strategy and monitors conformance with risk management policies, procedures, regulatory and internal limits and exposures, as well as processes and practices. The monitoring of the group's Key Issues Control Log (KICL) is paramount to GRCMC's oversight role.

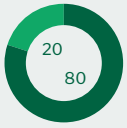
Capitals

- Financial
- Intellectual
- Human
- Social and relationship
- Natural

Race (%)



Gender (%)



Group Transformation, Social and Ethics Committee (GTSEC)

Linda Makalima, Chairperson
Mike Brown
Phumzile Langeni
Stanley Subramoney

Independent members (%)



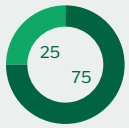
Mandate

- Advises on, oversees and monitors Nedbank Group's activities with regard to social and economic development, ethics, transformation, sustainability, corporate citizenship, environment, health, public safety, stakeholder relationship, labour and employment matters.
- Applies the recommended practices and regulations as outlined in King IV and the Companies Act in executing its mandate.

Capitals

- Intellectual
- Human
- Social and relationship
- Natural

Race (%)



Gender (%)



Board committee representation at 31 March 2024.

Our board structure and mandates continued

Group Directors' Affairs Committee (DAC)

Hubert Brody, Chairperson
Brian Dames
Errol Kruger
Rob Leith
Linda Makalima
Daniel Mminele
Stanley Subramoney

Independent members (%)



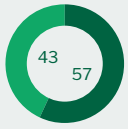
Mandate

- Monitors progress regarding the implementation and achievement of the board's corporate governance objectives and determines and evaluates the adequacy, efficiency and appropriateness of the corporate governance structures and practices of the group.
- Assists, evaluates and advises the board on issues of fundamental strategic importance to the group that are beyond the scope of the specific authorities mandated to the other board committees.
- Considers, monitors and reports to the board on reputational risk and compliance risk.
- Acts as the Nominations Committee for the board.

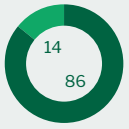
Capitals

- Intellectual
- Social and relationship
- Natural

Race (%)



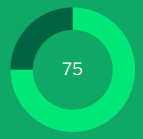
Gender (%)



Group Climate Resilience Committee (GCRC)

Brian Dames, Chairperson
Phumzile Langeni
Linda Makalima
Daniel Mminele

Independent members (%)



Mandate

Enables the board to achieve its responsibility in relation to the group's:

- identification, assessment, control, management, reporting and remediation of all categories of sustainability and climate-related risks and opportunities; and
- adherence to internal risk management policies, procedures, processes and practices.

With effect from 1 April 2024, the GCRC was renamed as the Group Sustainability and Climate Resilience Committee (GSCRC) and its mandate expanded to reflect broader sustainability and ESG considerations, including oversight of environmental and social risks and opportunities beyond and in addition to climate risks and opportunities.

Capitals

- Financial
- Social and relationship
- Natural
- Intellectual

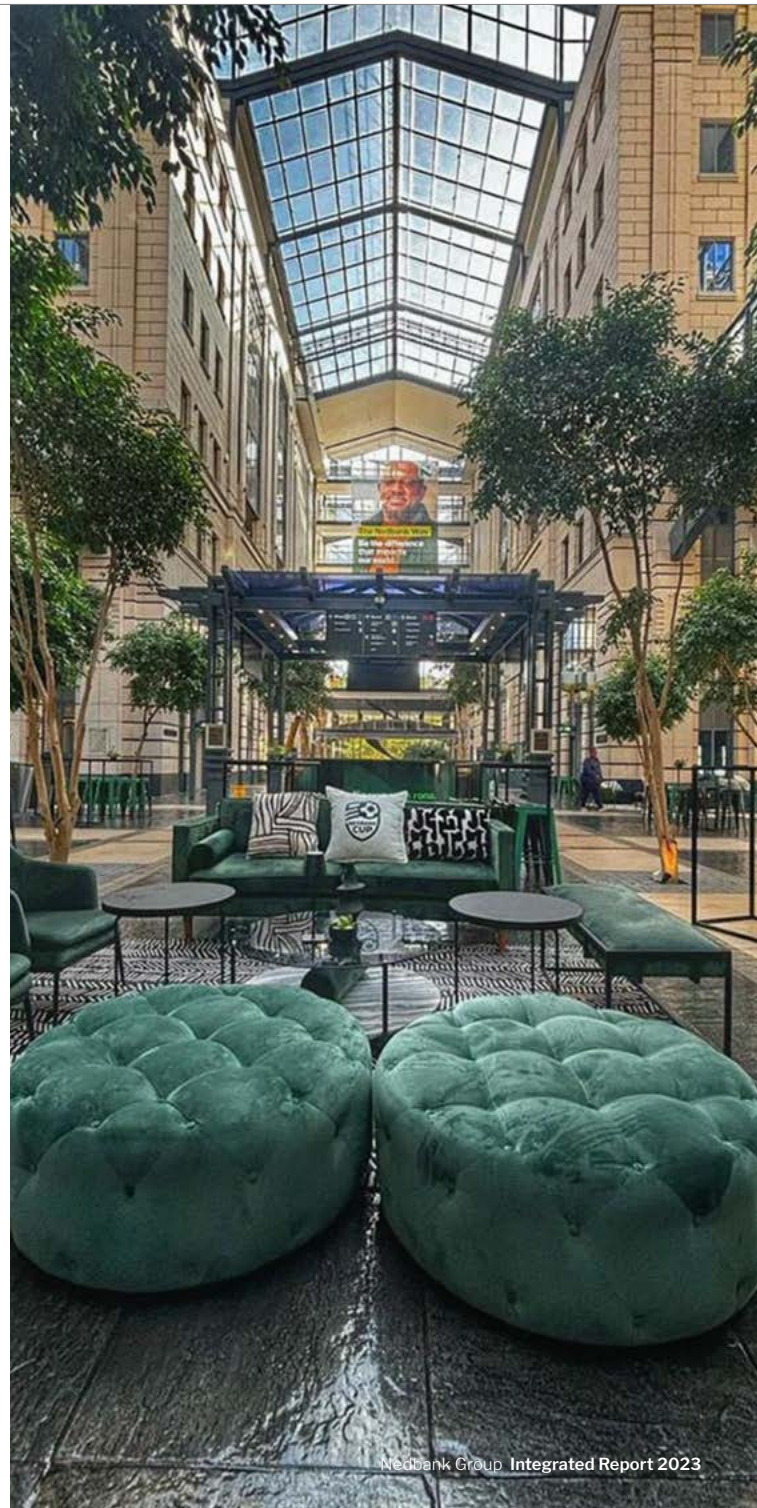
Race (%)



Gender (%)



Board committee representation at 31 March 2024.



Other key areas of board responsibility and oversight

Relationship with our stakeholders

ESG

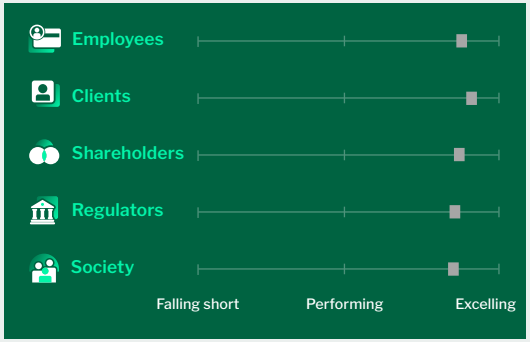
King IV™

The board adopts a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of Nedbank over time.

The group's relationship with its stakeholders is continuously monitored by the board, with specific oversight of employee and societal matters at the GTSEC, reputational matters across all stakeholders at the DAC, regulatory matters at the GRCMC and the GAC and environmental matters at the GCRC.

While directors engage directly with employees, clients, regulators, shareholders and other stakeholders from time to time, the process of managing stakeholder relationships is decentralised and forms part of the operations of our various clusters and business areas. This means that interactions with stakeholders, both formal and informal, are conducted by the functions directly aligned with the stakeholder group on an ongoing basis.

The quality of Nedbank's stakeholder relationships remains high, evident in high levels of employee and client satisfaction, an improved financial performance and record dividend, working effectively with regulators and making a difference in the societies in which it operates.



Read more about value creation for stakeholders on pages 82 to 92.

Our values and culture

ESG

Good governance is supported by the example that the board and management set, as well as the values and behaviors that all employees in the organisation embrace.

The board has regular conversations about the group's culture and values. In 2023 the group developed a set of culture principles, 'The Nedbank Way', that will support achieving its strategic ambitions. The Nedbank Way describes our required culture and what we need to shift towards. It integrates with the Nedbank purpose, values, people promise, and leadership framework; serves as an employee value proposition; describes the workforce experience we strive to create; and is practical and actionable for all our employees. These 7 culture principles are fully endorsed by the board and described in more detail as part of our Human Capital Strategy on **page 68**.

Put purpose into practice

Client obsession

Do the right thing and do things right

Play to win

Stronger together

Different is good

Learn to grow

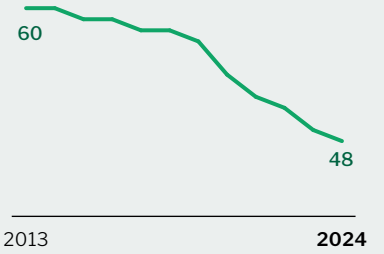
Ensuring fair and responsible remuneration

ESG

The board is committed to ensuring that remuneration practices and outcomes are both fair and transparent, with the goal of achieving positive outcomes that meet the reasonable expectations of all stakeholders. In doing so, the board, through Group Remco, takes into account the income inequality in SA. Remuneration of executives and employees is tied to sustainable value creation ambitions, in line with the group's overall strategy. These ambitions are based on well-defined financial and non-financial, including ESG, performance targets that are both challenging and in line with market benchmarks.

- In 2023 management received average salary increases of 5,6% and bargaining-unit employees 7%. In 2024 management will receive increases of around 5%, and bargaining-unit employees 7% on average. The group's minimum guaranteed package was increased by 7% to R225 000, following an 11% increase in 2022. The continued focus on increases for lower-earning employees being higher than management-level employees and detailed analysis on Equal Pay for Work of Equal Value enables Group Remco to satisfy itself that there is no systemic unfair pay differentials based on either race or gender.
- After the short-term incentive (STI) pool increased by 19% in 2022, the increase of 4,6% in 2023 was more moderate, reflecting the group's financial performance as discussed on **page 76**.
- In addition to the inclusion of ESG considerations in individual executive performance goal commitment contracts (GCCs), 2024 will be 3rd year in which the group includes key environmental and social deliverables into the performance conditions of the group's long-term incentives (LTIs), with a further refinement of the underlying metrics.
- Our 10th annual board-led ESG roadshow highlighted that there was broad support for the Remuneration Policy changes that Group Remco implemented. Votes at our 56th AGM in support of our Remuneration Implementation Report, at 74,8%, were slightly below the 75% threshold. Given the high level of our ongoing shareholder engagements, we received no shareholder meeting requests in response to reaching out to shareholders who may have voted against the Remuneration Implementation Report. Some of the votes against the group's Remuneration Implementation Report were because of a vote against the prior year's Remuneration Policy by the same shareholders. Pleasingly, our Remuneration Policy received 90,4% votes of support in the current year.

CE guaranteed package (GP) vs bank minimum GP ESG
(Ratio)



Other key areas of board responsibility and oversight continued

Ethics and human rights

ESG

At Nedbank we are committed to doing business responsibly and ethically, which includes upholding human rights through our own operations and through the activities of those with whom we do business.

As a purpose-led and values-driven organisation, leadership commitment is essential in building and maintaining an ethical culture. At Nedbank ethics is governed in a way that starts with the correct 'tone at the top'. The Nedbank Board sets the tone and leads the group ethically, effectively, and responsibly within acceptable risk parameters. In support of instilling an ethical culture, the group has put several mechanisms in place, including:

- directors' disclosure of interests and 'fit and proper' questionnaires that are completed annually; and
- a Board Ethics Statement that sets out the expectations and commitments undertaken by every boardmember that all boardmembers must sign annually.

Nedbank Group Board Ethics Statement

As the Nedbank Group Board of Directors, we are committed to the highest ethical standards and we conduct our business honestly, scrupulously and with integrity. We will provide ethical, effective and responsible leadership, and will act with independence and diligence in making decisions.

At the core of our Code of Ethics and Conduct is our purpose to use our financial expertise to do good for individuals, families, businesses and society and our values of integrity, accountability, respect, people-centredness, and being client-obsessed. We use these to guide and direct the way we do business. We know that business depends on trust, which is why we do all we can to earn it and strive to do nothing to impair it. We will set an example knowing that what we do, and refrain from doing, is as important as what we say. As a catalyst for growth and an unstoppable force for good, we are committed to nation-building and contributing to a more transformed SA, and we will go beyond mere compliance to promote authentic organisational transformation. We will respect the rights of our employees and support their well-being.

Comprehensive governance structures in place

We have implemented comprehensive governance structures that, among others, affect the board's responsibilities in relation to ethics and human rights. This responsibility is delegated to executive management, which uses various tools and processes to embed a culture that drives ethics and human rights across the organisation. These include the annual Board Ethics Statement, and ad hoc declarations, various ethics and human rights codes, policies, statements and frameworks; 'personal integrity management' checks during recruitment; biannual declarations by group, cluster and subsidiary executives on corporate governance and internal processes; ongoing client and supplier due diligence; employee and supplier training and awareness-raising activities; various internal and external (anonymous) channels for reporting unethical behaviour; and mechanisms to review and manage client and supplier relationships when necessary.

2023 in review

Key actions and initiatives undertaken in 2023 included the following:

- All ethics-related codes, policies and frameworks underwent annual review and approval processes.
- We implemented a new procedure for the reporting, management, and resolution of harassment complaints, which has proven to be successful.
- We began to overhaul our ethics training material with a greater shift towards a behavioural approach to ethics to provide employees with practical skillsets to empower more ethical decision-making.
- We revised the annual Board Ethics Statement, which was signed by all boardmembers in October 2023.
- We launched a new employee conduct tool to track and monitor all employees' outside business interests, conflict of interest, and gift declarations.
- We enhanced outsourcing and reporting capabilities to give our stakeholders crucial insight into ethics trends and observations within the bank.
- We provided ethics and human rights training to 1 601 employees.
- We provided ethics, human rights and governance-related training to 43 suppliers.
- Employees dismissed on disciplinary matters relating to dishonesty and unethical conduct: 67 (2022: 52).

In 2024 we look to develop and roll out, among others, online and self-paced ethics training modules that will be compulsory for all employees, launch an ethics ambassador programme across the bank to further embed an ethical culture through the promotion of ethics awareness initiatives, and place a greater focus on emerging ethical issues, including data ethics, GenAI, crypto assets, the metaverse and ESG.

More details on our approach to human rights and ethics are disclosed in our 2023 Governance and 2023 Society Reports available at nedbankgroup.co.za.

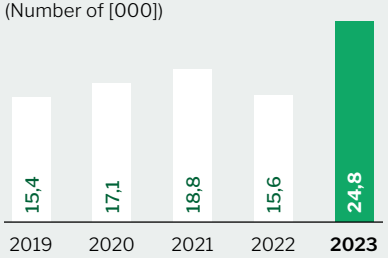
Compliance

Nedbank is under statutory duty in terms of the Companies Act, Banks Act, King IV and the JSE Listings Requirements to comply with regulation and proactively monitor and assess regulatory developments to determine their relevance and impact on the group.

Our proactive approach to regulatory developments demonstrates Nedbank's commitment to implementing appropriate controls to ensure compliance with the ever-expanding regulatory landscape, thereby gaining stakeholder confidence, trust and satisfaction and ensuring actions are taken to mitigate exposure to ESG, financial and other regulatory risks. Regulatory developments and the state of compliance are reported on and monitored by the DAC, being a board committee established in terms of the Banks Act.

In 2023 there was an increase in suspicious transactions reported to the Financial Intelligence Centre (FIC). This increase can be mainly attributed to the growth in digital fraud, specifically transactional fraud such as scams in line with the industry increases, as well as an increase in automated transaction monitoring alerts as we refined our rules.

Suspicious transactions reported to the FIC
(Number of [000])

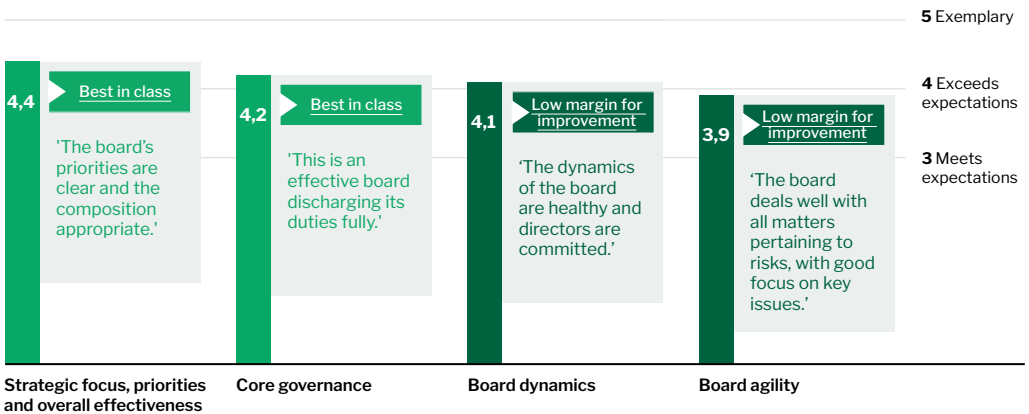


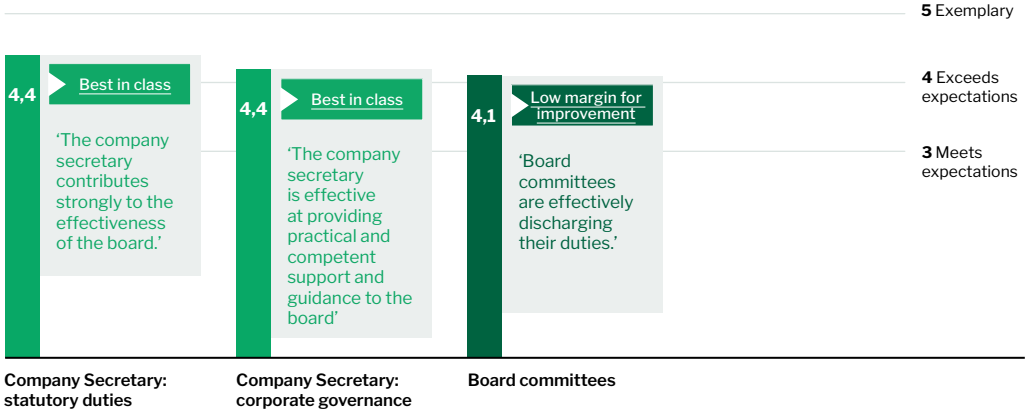
Board and committee evaluations

Evaluations of the Nedbank Group Board and board committees alternate annually between independent evaluations and internal evaluations. The 2023 independent evaluation was undertaken by The Board Practice, with the overall feedback being that Nedbank Group has a professional board that functions well.

The 2023 independent evaluation found that the Nedbank Group Board and board committees effectively discharge their duties, and the overall feedback was very positive with respect to the board's work. Board committees and the company secretary are critical support structures for the board.

Board performance
(Score out of 5)





For more information on the results of the board and board committee evaluations, please refer to our Governance Review in the 2023 Governance Report available online at nedbankgroup.co.za.

Board oversight – ensuring and protecting value
Group Directors' Affairs Committee (DAC)

'Our goal is to set the gold standard when it comes to corporate governance, board succession, compliance, reputational risk management, and strategic execution risk by using the expertise of our highly skilled employees and continuously striving to enhance our processes in line with developments in a rapidly changing operating environment.'

Hubert Brody, Chairperson



Ensuring and protecting value in 2023

- Led the succession process for the board chairperson and the group chief executive positions.
- Ensured that the group's reputation was protected while building stakeholder confidence.
- Managed board continuity.
- Enhanced board effectiveness.
- Oversaw compliance activities, including regulatory and advocacy endeavours, regulatory developments, engagements with regulators, and enhancements to the Reputational Risk Management Framework and Reputational Risk Policy.
- Supported the augmentation of compliance skills and technology.
- Approved the Compliance Risk Management Policy and Framework and coverage plan.
- Monitored AML, CFT and sanctions; data privacy; and OHS compliance levels and remediation of findings.
- Tracked market conduct compliance levels and ensured fair treatment of clients.
- Advised on the management of material reputational risk matters and potential risks to strategy implementation.

Focus for 2024 and beyond

- Managing board succession.
- Monitoring strategy execution.
- Overseeing corporate governance structures and practices.
- Ensuring an independent, adequately resourced compliance function and tracking completion of the compliance coverage plan and compliance risk levels.
- Supporting the compliance function to be innovative and agile within legal and regulatory requirements.
- Maintaining oversight of AML, CFT and sanctions compliance levels, outcomes of inspections and regulator interactions.
- Continuing to oversee privacy and OHS matters.
- Retaining focus on fair treatment of clients.
- Monitoring regulatory developments, including in AML, market conduct, ESG, crypto, open finance and AI.
- Continuing to receive updates on reputational risk matters.

Stakeholders

Clients | Regulators | Employees | Shareholders

Top 10 risks

1 Business | 5 Strategic execution | 9 Reputational and conduct

A comprehensive DAC Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.



Creating value in a sustainable manner through our strategy

Overview of the context in which we operate, including our material matters, how we manage risks, our strategic response, and the trade-offs we make to ensure ongoing value creation.

Delivering on our strategy is showing results. Our world-class technology platform has become the foundation of delivering strong digital growth metrics, market-leading client experiences, main-banked client growth, higher levels of cross-sell, market share gains in key areas, and ongoing productivity improvements, while cementing our leadership in renewable energy and ESG matters.

Reflections from our Chief Executive



> In a more volatile and difficult operating environment than we had expected, I am pleased to report that we met all of the 2023 targets that we announced as our post-Covid-recovery targets in March 2021, being DHEPS above 2 565 cents, ROE above 15%, and cost to income below 54%, as well as ranking #1 on NPS. Our focus now shifts to our medium- and long-term targets and, in particular, ongoing improvements in ROE to meet our 17% target in 2025.
>
> **Mike Brown**, Chief Executive

Mike discusses the group's operating environment, strategy and outlook.



In 2023 the operating environment for us and our clients was volatile and difficult, evident in weak South African gross domestic product (GDP) growth, record-level electricity shortages, high interest rates and elevated levels of inflation. While there is still forecast risk and a more sustained downward inflation trend is required, interest rates seem to have peaked, and electricity shortages improved in H2 of the year, although geopolitical tensions across the globe pose ongoing risk, with 2024 being an election year in many countries, including South Africa (SA).

Delivering on our strategy is showing results. Our **world-class technology platform** has become the foundation for delivering strong digital growth metrics, market-leading client experiences, main-banked client growth, higher levels of cross-sell, market share gains in key areas and ongoing productivity improvements, while we are also cementing our leadership in environmental, social, and governance (ESG) matters in general and sustainable development financing including the fast-growing renewable energy sector, in particular.

In this context, it is pleasing to report that the group delivered a **strong financial performance** in 2023. Headline earnings (HE) increased by 11%, as revenues grew by 12% and expenses were managed well, increasing by 8%. This was partially offset by a 30% increase in the impairment charge, albeit with a much better performance in H2 of the year. Diluted headline earnings per share (DHEPS) increased by 14% and return on investment (ROE) increased to 15,1%, both benefiting from the R5bn capital optimisation initiative we concluded in H1 of the year. We maintained very strong balance sheet metrics with respect to capital, liquidity and expected credit loss (ECL) coverage that, taken together with HEPS growth of 15%, enabled a very strong 15% growth in the full-year dividend.

Delivering on our strategy

Outcomes in respect of our strategic value drivers of growth, productivity, and risk and capital management reflect the benefits of strong foundations and ongoing momentum in the delivery of our strategy.

- **Growth** trends across revenue lines and average interest-earning banking advances (AIEBA) picked up when compared with prior years. You can read more about them in the review from our Chief Financial Officer on **page 75**. This growth was supported by 20 primary client wins in CIB, 9% growth in main-banked clients in RBB and 4% growth in NAR clients, while

All 2023 targets met

DHEPS	ROE	Cost-to-income ratio	NPS
3 199 cents	15,1%	53,9%	#1 bank
(target: > 2 565 cents)	(target: 15%)	(target < 54%)	(target: #1)

Reflections from our Chief Executive continued

levels of cross-sell improved further, digital metrics grew very strongly and assets under management (AUM) in Nedbank Wealth increased by 14%.

- From a **productivity** perspective we continue to see the outcomes of our structural cost optimisation efforts together with the benefits of endowment contributing to a lower cost-to-income ratio – which showed a pleasing improvement from 55,8% to 53,9%. The cost-related productivity improvements were driven largely by the benefits from our technology platform, enabling increased client use of more cost-effective digital products and services; ongoing process improvements; headcount reduction, mainly through natural attrition; and real estate optimisation.
- Our key **risk and capital management** metrics continue to reflect a fortress balance sheet, with the group's common equity tier 1 (CET1) ratio at 13,5%, a liquidity coverage ratio of 135% and total ECL coverage at 3,62% – a multi-year high. These metrics show that Nedbank is in a very strong position to grow and is well prepared should the macroeconomic or global geopolitical environments deteriorate.

Our strategy, which is enabled by our world-class technology platform alongside our Nedbank employees as our most important asset, is delivered through 5 strategic value unlocks. More details on our progress and outlook on these are disclosed on **pages 55 to 67**. Over the past few years, I believe we have established a good track record of delivery, and I reflect for a final time as CE on the key highlights of each:

- **A world-class technology platform –** Starting in 2015 we set out to build a world-class technology platform that would enable digital leadership capabilities as a foundation for Nedbank's long-term competitiveness in general and in retail banking in particular. This was delivered through an IT build programme we termed the Managed Evolution or ME, and this is now 95% complete. Final components will be delivered by the end of 2024 – and we are on track to complete the entire programme on time, on scope and on budget, and without any increased downtime on existing systems. This places Nedbank in a very strong position to compete effectively with fintechs, mobile companies and both new and existing banks and in so doing grow revenues, optimise costs, more easily meet client expectations and accelerate product development into the future, and increasingly leverage our use of data and exciting new technologies such as artificial intelligence (AI) and generative artificial intelligence (GenAI).
- **Digital leadership (DX) –** Digital client transactional values and volumes continue to grow at double-digit levels. Today, 55% of all retail sales are done digitally, up from 12% in 2019, while active Avo (2019: not yet launched) and Money app (2019: 0,8 million) users have increased to 2,5 million and 2,3 million respectively. External benchmarks show that we lead in areas such as servicing features offered to clients via mobile channels. As we complete the Managed Evolution in 2024, the final two retail products being home loans and vehicle finance will also be available digitally.
- **Client satisfaction metrics (CX) –** From being in the middle of the pack in 2019, in 2023 we again achieved our #1 ranking (tied) among South African banks on Net Promoter Score (NPS) in the Kantar NPS survey, and our focus on leading in client experiences remains top of mind in a highly competitive environment.
- **Lending and deposit market shares (SPT)** – We had a mixed performance in 2023, with market share gains recorded in the key asset categories of wholesale term loans, home loans and retail deposits and a decline in personal loans due to the deliberate tightening of credit criteria, while being selective in our areas of strength in vehicle finance and commercial-property finance. Our focus remains on profitable market share growth in targeted categories including, in particular, household and commercial transactional deposits.
- **Operating model benefits (Target Operating Model or TOM) –** At the end of 2023 we realised R2,2bn of cumulative benefits under TOM 2.0, following the R2,0bn of benefits realised from TOM 1.0 at the end of 2021. To make further progress towards our medium-term cost-to-income ratio target of 52%, we are exploring further benefits through TOM 2.1 in areas such as data analytics and AI, process optimisation, and payments modernisation and will announce these alongside our 2024 interim results.
- **Sustainable development finance –** We continued to fulfil on our purpose and created positive impacts through R145bn of exposures that support sustainable development finance (SDF), aligned with the United Nations Sustainable Development Goals (UN SDGs). This equated to around 16% of our gross banking loans and advances in 2023, up from 14% in 2022, with ambitions to increase this support to around 20% by the end of 2025. We remain market leaders in the key growth segment of renewable energy in SA with a strong pipeline of public and private sector projects.

Using our financial expertise to do good

We are inspired by our purpose of using our financial expertise to do good and in so doing creating value for all our stakeholders. A few highlights for me in 2023 include the following:

- **Employee** satisfaction, measured through our Pulse survey remained high, as evident in our 2023 'great place to work' NPS score of 20 – the 2nd-highest level since the inception of our employee Pulse survey 5 years ago. We are also proud of our leading position on the YES Programme to help address the huge challenge of youth unemployment in SA, having recruited more than 2 800 youth in 2023 (and now having given almost 10 000 youth a 1st job opportunity since its inception) as we continue to make an impact on South African youth, their families and communities.

2 835
YES job opportunities

- We created value for our **clients** by providing more than R330bn in new loans, safeguarding over R1tn of deposits while offering competitive interest rates and keeping fee increases below inflation. We also launched our very competitive MiGoals suite of products that use the ME IT platform and are priced at the lower end of the banking peer group. In these difficult times, we worked hard to help our clients who experienced financial challenges and offered tailored payment plans to clients who struggled to meet their financial obligations, including assisting 53 000 clients to keep their vehicles and homes.

R332bn
new loan payouts

Reflections from our Chief Executive continued

- For our **shareholders**, the declaration of a full-year dividend that increased by 15% has been value accretive, along with our share price that appreciated by 67% since 1 January 2021, delivering a total shareholder return, including dividends, of 96% over the past 3 years, ahead of the peer group.

3-year shareholder returns (1 January 2021 to 31 December 2023)

	Bank A	Bank B	Bank C	Nedbank	Bank D
Share price appreciation	37%	41%	44%	67%	64%
Total shareholder return	60%	48%	66%	96%	87%

- From a **regulatory perspective** we continue to work closely with the government, regulators, and the Banking Association South Africa (BASA) to ensure the safety and soundness of the South African banking system that continues to demonstrate its strength and resilience in a difficult environment.
- We are active participants in **Business Leadership South Africa (BLSA)** where I am currently the Deputy Chairman and the B4SA platform that is working with government to help resolve the key structural impediments to higher levels of inclusive economic growth, being energy, logistics and crime and corruption.
- We actively contribute to the jurisdictions in which we operate in many ways, including through the payment of **taxation** and in 2023 cash taxation payments increased by 15% to R13,2bn, including R5,0bn of payroll taxes as a result of the remuneration we paid our employees.
- As a purpose-led business, our focus remains on making a sustainable impact in the **societies** in which we operate and fulfilling our purpose of using our financial expertise to do good. In addition to the R145bn of SDF exposures, we are building on our leadership in environmental matters, becoming the 1st South African bank to disclose financed emission glidepaths for thermal coal (down by 47% by 2030), oil and gas (down by 26% by 2030), and power generation (capped at 188gCo2e/kWh) in support of reducing greenhouse gas emissions in line with our commitments and journey to net zero. We have maintained our level 1 BBBEE status under the amended FSC codes for 6 years in a row and retained our top-tier rankings on ESG scores, including MSCI retaining Nedbank's ESG rating at AAA, ranking us within the top 5% of global banks.

Level 1 BBBEE
status for 6 years

MSCI AAA
ESG
rating

Matters relating to the Zondo Commission

As reported in my Chief Executive Reflections last year, while no findings were made against Nedbank in the Zondo Commission reports, it was recommended that some transactions involving Nedbank and Acsa and Transnet, where Regiments had acted as appointed financial advisers to Acsa and Transnet, be subject to further investigation. Nedbank continues to cooperate fully with various further enquiries and investigations in respect of these transactions and nothing has come to Nedbank's attention in any of these enquiries and investigations that would change Nedbank's view that there is no evidence of any wrongdoing, collusion or corruption by Nedbank or any of its employees and that, if these transactions were tainted by corruption on the part of Regiments, our clients or their employees, Nedbank was unaware of this at the time of the transactions and acted as a reasonable banker based on the knowledge we had at the time. Our fees and returns were market-related and all legal documentation and authorisations for the transactions are in place. Given this position, we will strongly defend any litigation that may be brought against us.

Increase in financial crime and cyberattacks

The challenging external environment combined with the rapid increase in digital activity remain the key drivers of increasing levels of financial crime as evident in the almost 70% increase in industrywide SA digital banking fraud losses to R740m during 2022 (SABRIC). Nedbank has a strong focus on cyberresilience, while ensuring client funds and client data are suitably protected alongside our own data, systems and infrastructure.

While our bank security systems remain robust and we maintain an integrated approach to financial crime risk management that involves risk assessment, prevention, detection and response, our clients and employees continue to be subject to increasing levels of fraud attacks. While the vast majority of these attacks are unsuccessful, unfortunately, there are instances where clients are persuaded to compromise their banking security or employees are approached by criminal syndicates.

Nedbank does not have any appetite for and will not tolerate any fraudulent, illegal, corrupt or unlawful acts by employees, clients and/or suppliers. We will investigate any such matter fully and will take the necessary disciplinary and/or civil/criminal action (where appropriate) against any employee, client or supplier involved in confirmed fraudulent acts. Nedbank was itself the victim of an internal fraud in 2023. While no client funds were impacted, the cost to Nedbank, net of insurance recoveries, amounted to R50m. In line with our principle of zero tolerance we immediately investigated the matter fully and took the necessary disciplinary and criminal actions against the implicated employees, and strengthened processes and procedures to prevent this from reoccurring.

Ongoing focus on value creation

Our annual strategy process is well embedded and culminates with the board approval of the Nedbank strategy and resultant 3-year financial, risk and other plans in November each year. These board-approved plans form the basis of the short- and medium-to-long-term guidance that we publish with respect to key performance metrics. The short-term key performance metrics in respect of ROE and DHEPS growth are used to inform the sizing of the on-target short-term incentive (STI) pool for the year ahead and the medium-to-long-term key performance metrics in respect of ROE, DHEPS growth and the cost-to-income ratio are used in setting the financial elements of the corporate performance targets (CPTs) that are attached to long-term incentive (LTI) awards. For more detail on this please see the Remuneration Report on **pages 93 to 100**.

Our targets have a **suitable degree of stretch**

We believe that shareholders are best served by setting medium-to-long-term targets that have a suitable degree of stretch at the time of setting, and even if final outcomes for these fall short of stretching targets, shareholders will be better off than setting and achieving easier targets. By way of example, after the target of achieving an ROE of 15% in 2023 was set in March 2021, the average of the top sell-side analysts forecast Nedbank's ROE in 2023 to be 13% and in March 2022 this forecast was increased to 14,2%, with Nedbank finally achieving a 15,1% ROE in 2023. I believe that this delivery of a better-than-forecast ROE has been the key driver of Nedbank being the best-performing South African bank share over the past 3 years. Delivery of the medium-term ROE target of 17% in 2025, with the average of the top sell-side analysts forecast currently around 16%, should likewise support ongoing shareholder value creation.

Reflections from our Chief Executive continued

External environment

While the external environment remains difficult, we expect some improvement in 2024, with risk to the downside possible from unforeseen geopolitical events. SA's GDP growth is expected to increase over the next few years to between 1% and 2%, and inflation is expected to continue to decline. The prime lending rate is forecast to decline by a cumulative 75 bps in H2 of 2024 and a further 50 bps in 2025, which would bring welcome relief to consumers, many of whom are under financial stress in the current high-inflation/high-interest-rate environment. Private sector credit growth is forecast to be around 5% to 6%, with faster growth expected in wholesale than retail.

Fundamentally SA has an economic growth problem as GDP growth of 1% to 2% is insufficient to attract investment and create jobs and as a result generate sufficient tax revenue to fund both the public service wage bill and our increasing infrastructure and social needs alongside interest payments on our very large national debt. The South African government now needs to borrow approximately R2bn per working day to fund our fiscal deficit and debt rollovers, which debt can only be repaid over time by current and future South African taxpayers.

To resolve this, more urgent progress is needed on the key issues specific to SA that are structural constraints to higher levels of GDP growth, including record-high levels of electricity shortages with an estimated cost of 1% to 3% of GDP growth; logistical constraints with an estimated cost of up to 5% of GDP growth; water insecurity and crime and corruption. A South African economy growing at 3% to 4% per annum would be materially different for investment, job creation and fiscal sustainability than an economy growing at 1% to 2% per annum.

More urgent progress needed

Although slow, progress on resolving energy constraints is evident, catalysed largely by the legislative changes to enable private sector energy generation at scale. If planned progress continues, I believe load-shedding could be curtailed to largely stages 1 and 2 in the medium term. Nedbank, as a leader in renewable energy solutions, is well positioned to participate in the financing of both private generation and government initiatives, with drawdowns of R18bn on our very strong renewable energy pipeline expected to support loan growth in 2024.

Unreliable rail and port services further burden the private sector, negatively affecting trade, disrupting supply chains, and eroding the country's international competitiveness. The establishment of the National Logistics Crisis Committee, the publication of the freight logistics roadmap and some progress on clearing port backlogs also represent slow but steady progress in this area.

Regarding crime and corruption, there is still much to be done. The FATF greylisting continues to be in effect, driven largely by limited success in state-capture-related investigations and prosecutions.

Outlook to 2025 and beyond

Our commitment to creating value for all the stakeholders of Nedbank remains steadfast, even in the face of a challenging macroeconomic environment, climate change, technological disruption, and digital transformation. We are also mindful of the threats posed by increases in cybercrime and fraud, increased competition, regulatory pressures, and changing work dynamics. These challenges, which we refer to as our material matters, have the potential to impact our ability to generate long-term value for our stakeholders. However, they also present opportunities for growth and innovation.

I know Nedbank has strong institutional foundations in place with an experienced board and leadership team, a strategy that is demonstrating ongoing improvements in growth, productivity and returns, a track record of delivery, a world-class technology platform, a fortress balance sheet, and great people, and a culture that will help us deliver on our purpose and lead in ESG.

Strong institutional **foundations**

While we were pleased to have achieved all our 2023 targets, we aspire to deliver ongoing improvements in ROE to further increase shareholder value. Our strong financial performance in 2023, together with the progress made in executing on our strategy and underlying momentum in the business, whether from attractive lending pipelines, digital transformation, client and market share growth, cost optimisation efforts or a downward trending impairment profile, gives us confidence in delivering on our medium-term targets and particularly our aim to increase our ROE to 17% by 2025 and above 18% in the long term.

2025 ROE target
17%

CE succession

In November last year we made an announcement regarding the appointment of Jason Quinn as CE-designate. Jason will start his employment at Nedbank on 22 May 2024 and will become CE when he joins the board at our annual general meeting (AGM) scheduled for 31 May 2024. I retire from the board as planned at the AGM but will continue as a Nedbank employee and be available for another 3 months as a senior adviser to facilitate a seamless handover. I wish Jason all the best and know that all Nedbankers will welcome him. Jason's appointment has been well received given his extensive financial services experience, leadership qualities and trusted relationships with the investment community and other important stakeholders. Nedbank will be in good hands with an experienced board in place and Jason leading a strong Group Exco team to deliver on and evolve the Nedbank strategy and in so doing reach the stretching targets we have set for 2025 and beyond.

Experienced board and **strong Group Exco**

Appreciation

It has been a privilege to be the CE of Nedbank Group and the highlight of my career. I took over from Tom Boardman as CE in early 2010 and I inherited a Nedbank that, under Tom's leadership, had navigated the global financial crisis well, alongside a market-leading focus on the importance of culture and values that continues to define the Nedbank of today. I am grateful to have worked alongside Tom and learn from him over the years. When I became CE, I made a commitment to build on his legacy and leave behind a better Nedbank than when I started, and I am proud to say that I have fulfilled that commitment.

After 6 years as CFO and then 14 years as CE of Nedbank Group, I look back with pride on our achievements and the challenges we have overcome together. I leave behind a Nedbank that is stronger, more competitive, more agile, and more digital than when I was first appointed as CE and I know Jason will continue to build on these foundations to make Nedbank an even better bank than it is today.

Thank you to Warren Clewlow, Dr Reuel Khoza, the late Prof Vassi Naidoo, Mpho Makwana and Daniel Mminele for their guidance as Chairpersons of Nedbank Group during my tenure as well as to Jim Sutcliffe, Julian Roberts and Bruce Hemphill for their input in their roles as Chief Executives of Old Mutual Plc, our former parent company. Thanks also to the board and Group Exco members over time and all the Nedbankers who have been part of this journey as well as to our more than 7,3 million retail and wholesale clients for choosing to bank with Nedbank. We also appreciate the ongoing support of the investment community, regulators, and our other stakeholders.

Thank you, in particular, to my wife and family for their unwavering support in my 30-year career with Nedbank.

As Nedbank, I know we will continue to play a constructive and positive role in society as we fulfil our purpose of using our financial expertise to do good for the benefit of all our stakeholders.

Mike Brown
Chief Executive

Our Group Executive Committee

The Nedbank Group Exco is a diverse and experienced management team that comprises the CE, COO, CFO, 4 frontline managing executives (MEs) and 6 shared-services executives.



Mike Brown [57]
CE
Exco member since:
17 June 2004
30 years' service at Nedbank

Jason Quinn [49]
CE-designate
Exco member from:
31 May 2024
0 years' service at Nedbank

Mfundo Nkuhlu [57]
COO
Exco member since:
1 December 2008
19 years' service at Nedbank

Mike Davis [52]
CFO
Exco member since:
1 January 2015
27 years' service at Nedbank

Anél Bosman [57]
Group Managing Executive: CIB
Exco member since: 1 April 2020
22 years' service at Nedbank

Ciko Thomas [55]
Group Managing Executive: RBB
Exco member since: 18 January 2010
13 years' service at Nedbank

Iolanda Ruggiero [53]
Group Managing Executive: Wealth
Exco member since: 1 May 2015
21 years' service at Nedbank

Dr Terence Sibiya [54]
Group Managing Executive: NAR
Exco member since: 1 April 2020
12 years' service at Nedbank

Dave Crewe-Brown [56]
Chief Risk Officer
Exco member since: 1 April 2023
28 years' service at Nedbank

Deb Fuller [51]
Group Executive: Group HR
Exco member since: 25 June 2018
5 years' service at Nedbank

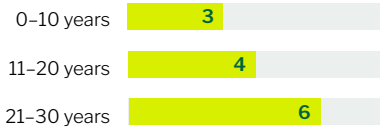
Daleen du Toit [59]
Chief Compliance Officer
Exco member since:
1 May 2022
9 years' service at Nedbank

Priya Naidoo [50]
Group Executive: Strategy
Exco member since:
1 January 2015
22 years' service at Nedbank

Khensani Nobanda [45]
Group Executive: Group Marketing and Corporate Affairs
Exco member since: 15 May 2018
6 years' service at Nedbank

Ray Naicker [46]
Chief Information Officer
Exco member since: 1 July 2023
19 years' service at Nedbank

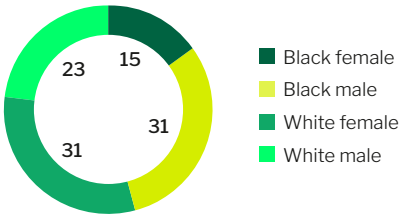
Group Exco tenure at Nedbank
(Number of Group Exco members)



233 years
of combined service

Graphs show Group Exco representation, demographics and age at 31 March 2024 and excludes Jason Quinn.

Group Exco demographics
(%)

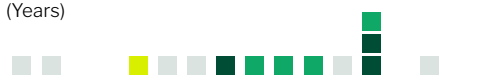


Male **54%** | Female **46%**

> Nedbank is the only company close to gender parity at executive level.

Source: Just Share NPC Women in leadership: Assessing gender equality in the JSE Top 40

Group Exco age
(Years)



Average age **53 years**

Nedbank policy:
Group Exco members retire on reaching the age of 60.

Executive Directors | Frontline MEs | Shared-services Group Executives | Jason Quinn

Group Exco changes

After having reached the group's mandatory retirement age of 60 in January 2023, Trevor Adams, the group's Chief Risk Officer (CRO), retired and was succeeded by David Crewe-Brown. Fred Swanepoel retired as Chief Information Officer (CIO) at the end of June 2023 and was succeeded by Ray Naicker. Jason Quinn will succeed Mike Brown (Chief Executive) post his retirement at the conclusion of the group's AGM in May 2024.

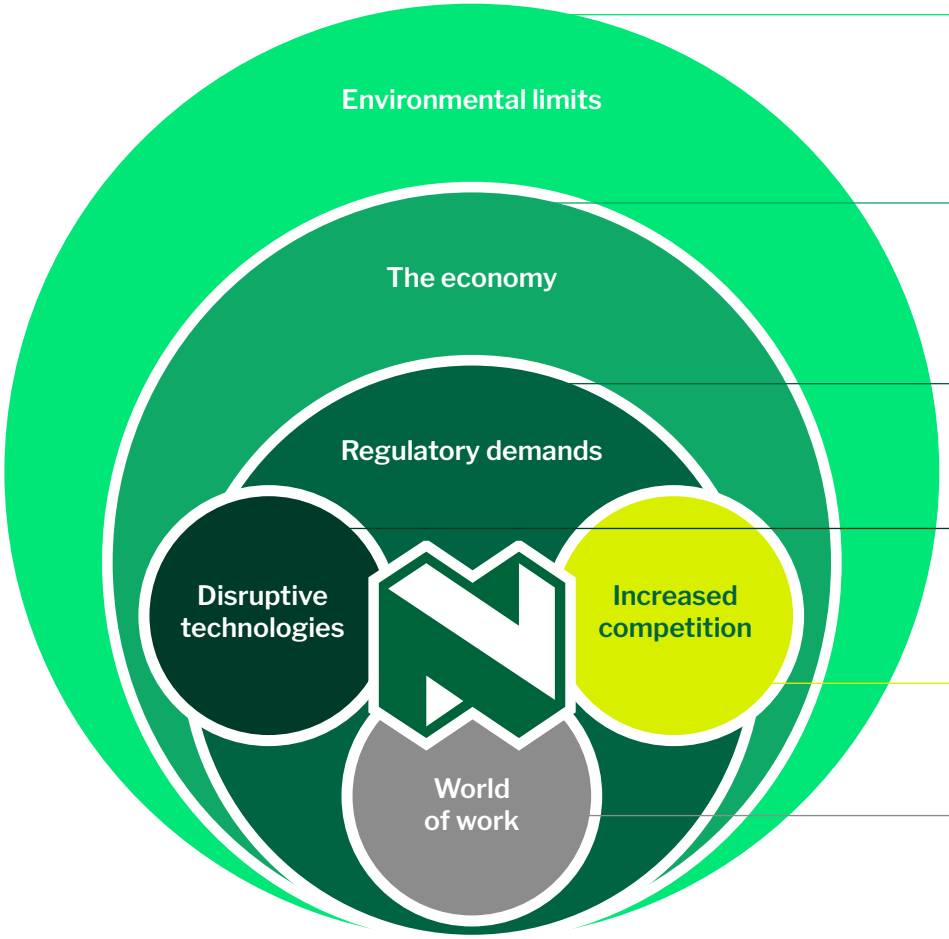
Seamless succession

Seamless succession planning since 2015 enabled the appointment of 10 experienced Group Exco members from within the group, including 5 female and 4 black (AIC) leaders.

Our operating environment

In an environment that remains volatile and difficult, we continue to refine our material matters as we review and evolve our strategy and conclude our 3-year business planning processes. They reflect the matters that have the greatest likelihood of affecting our ability to create sustained value for us and our stakeholders over the short, medium and long term.

Our material matters



Environmental limits: The increasing impact of climate change, evident in droughts, extreme weather events and biodiversity impacts, the need for a Just Transition given the unique social and environmental positioning of SA and the African continent, and the risk of investing in stranded assets.

The economy: Global and local economic dynamics, rising geopolitical risks, as well as social and political developments impacting on SA and the African continent, including slow economic growth, high interest rates, high but moderating inflation, weak consumer and business confidence, as well as opportunities (such as renewable energy) and threats (such as electricity shortages or economic shocks).

Regulatory demands: Growing regulatory scrutiny and demands placed on financial services companies, including those relating to technology and cyberrisk, payments, ESG, consumer protection, financial crime, data and data privacy, as well as financial and banking regulation.

Disruptive technologies: The impact and adoption of new emerging technologies such as GenAI, as well as increased levels of digital adoption, behavioural changes of clients and employees, and rising threats and levels of cybercrime.

Increased competition: Competition from incumbents and new entrants, with a focus on retail transactional and related deposits, the small-and-medium-enterprise (SME) market, and renewable energy.

World of work: The influences by macroeconomic, social and political developments, digital transformation and fast-paced technological change, heightened demand for scarce skills and the war for talent, as well as the requirements of employment equity legislation on the world of work.

Our top 10 risks

1 Business	7 Operational
8 Climate	
1 Business	2 Credit
6 Organisational resiliency	7 Operational
9 Reputational and conduct	10 Capital
8 Climate	4 People
7 Operational	
10 Capital	9 Reputational and conduct
5 Strategic execution	4 People
3 Cyberrisk	
1 Business	4 People
2 Credit	
4 People	5 Strategic execution
9 Reputational and conduct	

Our approach to these material matters follows the principle of materiality, which is essential in assessing what information could influence our strategy, the decisions and trade-offs around the 6 capitals as discussed on **page 11**, the evolution of our business model, and the development of short-, medium- and long-term targets as discussed on **page 55**. We have broadened our process to include ESG-related matters, with more detail disclosed in our 2023 Society Report.

Our operating environment continued

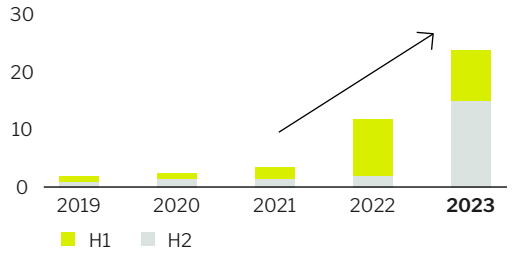
Material matter 1

The economy

Banks and financial services companies are highly integrated into the economies where they operate by providing credit, safeguarding deposits, managing and optimising investments, and facilitating transactions. Retail, SME and corporate clients and various other stakeholders such as employees, suppliers, shareholders and regulators are also active participants in the economy. A volatile and difficult macroeconomic environment can therefore have a material impact on value creation and the prospects for us and our stakeholders.

In 2023 the operating environment for South African banks was more challenging than initially forecast. In addition to a weaker global economy, domestic economic activity was impacted by record levels of load-shedding (electricity shortages), logistical constraints, higher-than-expected levels of inflation and, as a result, higher-than-expected increases in interest rates. Collectively, these conditions have put increasing pressure on consumers' finances and led to reductions in business confidence and long-term capital investment in most industries other than energy.

Record levels of load-shedding in 2023
(TWh)



Macroeconomic outlook

We expect the economic environment in SA to remain challenging but to improve off a low 2023 base, although global and local geopolitical risks increase forecast risk. SA's GDP is forecast to increase by 1% in 2024 and towards 2% by 2026, while inflation is expected to drift down and remain in the SARB target range of 3% to 6%, with the South African prime lending rate declining by a cumulative 75 bps in H2 of 2024 to end the year at 11,0% and bottom out at 10,5% in 2025. These trends will assist consumers that are financially burdened. Private sector credit growth is forecast to remain muted at around 5% and pick up only slightly in 2025 and 2026. The outlook for the medium term and various up- and downside scenarios are shown on **page 43**.

Addressing SA's structural constraints

Higher levels of GDP growth are key to resolving many of SA's challenges. The structural constraints preventing this from happening around energy supply, logistics, and crime and corruption are being addressed through the government-business partnership.

Energy/Electricity

In June 2023 SARB estimated that the impact of the very high levels of load-shedding is somewhere between 1% to 3% of SA GDP. Although slow, progress on resolving the energy constraint is evident, catalysed by the legislative changes to enable private sector energy generation with 6 GW of registered renewable energy projects to date.

If planned progress continues, load-shedding could possibly be curtailed to largely stages 1 and 2 in the medium term. Delivering on this will be contingent on several factors, including improving Eskom's production levels, addressing grid constraints, further developing the Independent Power Producer Procurement Programme (IPPPP) capacity, and gaining ongoing momentum of private power generation.

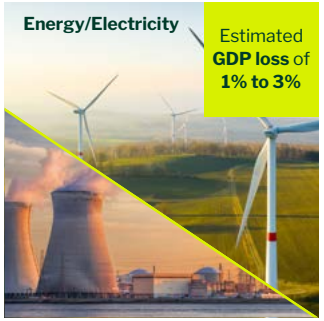
The financing opportunity for banks remains significant and is likely to provide a multi-year growth opportunity. SA's Just Energy Transition Investment Plan estimates that R475bn of renewable energy investment (solar and wind) is required by 2027, while Nedbank estimates this number to be more than R650bn by 2030.

Logistics/Transport

Unreliable rail and port services further burdened the private sector, negatively affecting trade, disrupting supply chains, and eroding the country's international competitiveness. In November 2023 National Treasury estimated that the underperformance of rail transport costs the economy up to 5% of GDP, with losses of around R50bn in the minerals sector alone. The establishment of the National Logistics Crisis Committee, the publication of the freight logistics roadmap, and some progress on clearing port backlogs also represent slow but steady progress in this area.

Crime/Corruption

Regarding crime and corruption, there is still much to be done. The FATF greylisting continues to be in effect, informed largely by limited success in state-capture-related investigations and prosecutions.







Our operating environment continued

Macroeconomic scenarios

To operate successfully in a volatile and uncertain environment it is essential to regularly evaluate and adapt to different macroeconomic scenarios.

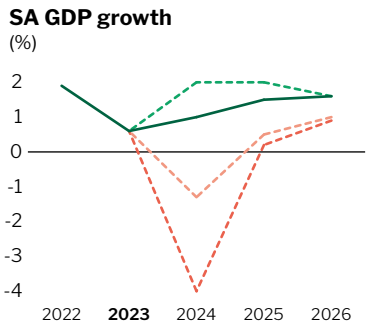
We highlight 4 scenarios that illustrate our base case economic forecasts (the underlying assumptions used in our business planning for 2024 to 2026 and our guidance to the market), a better-than-expected potential outcome (favourable scenario) and 2 downside scenarios ('high-stress' and 'severe stagflation'). These forecasts reflect the independent and public views of the Nedbank Group Economic Unit (NGEU). Using these scenarios, along with others, as part of regular stress testing, indicates that Nedbank's capital levels are expected to remain sound and above regulatory requirements, even in a severely adverse environment.

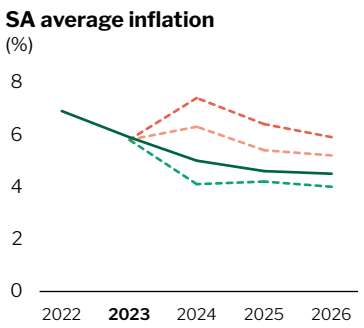
Base case scenario

Geopolitical tensions persist and the world becomes more polarised between countries aligned with the West and those affiliated with Russia and China. The world economy loses momentum and global growth continues to slow. Inflation recedes but only gradually, enabling easing of monetary policy in 2024. In SA, political uncertainty intensifies in the lead up to the general elections and the ANC stays in power, but with less majority. Economic conditions improve slightly off a low 2023 base, but structural constraints such as logistical challenges and ongoing electricity outages continue to negatively impact GDP growth, which stays in a 1% to 2% band over the next few years. Inflation moderates off a high base to within the SARB 3% to 6% band on the back of weaker demand, as well as lower global oil and food prices. The SARB MPC follows global monetary policy trends and cuts the repo rate by 75 bps in 2024 and a further 50 bps in 2025. Credit growth picks up slightly on the back of renewable energy investment and lower interest rates of 5% to 6%, but remains muted given weak business confidence and a strained consumer.

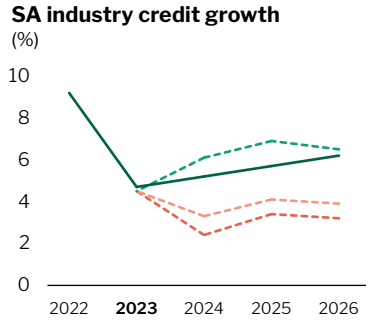
High-stress scenario

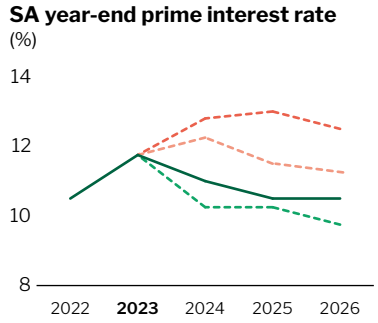
Geopolitical tensions intensify and SA's geopolitical choices compromise its relationship with the US and EU, with real punitive potential economic consequences. The world economy loses momentum and enters a mild recession in H1 2024, followed by a weak recovery from the end of 2024. Global inflation remains high, as global supply chain shocks outweigh the impact of shrinking demand. Monetary policy tightens further and ease only from the end of 2024. Risk-off sentiment intensifies, and emerging markets see persistent capital outflows, impacting SA more as it remains greylisted, political risks escalate and SA moves to a left-leaning coalition government with less fiscal discipline . SA GDP contracts in 2024 and growth thereafter remains slow. Inflation remains elevated above the SARB target band and monetary policy tightens with prime reaching 12,25%. Credit growth slows further and remains in low single digits on the back of higher interest rates and ongoing electricity shortages.











Favourable scenario

Geopolitical tensions simmer, but pragmatism prevails. Global growth slows into H1 2024, followed by a relatively strong rebound thereafter. Global inflation recedes much faster than expected, while risk appetite returns as investors sense the end of the interest rate hiking cycle, supporting capital inflows into emerging markets. Monetary policy eases and the 1st interest rate cuts emerge in H1 2024. In SA, political uncertainty remains elevated ahead of the general elections in 2024, but the ruling party stays in power and the support for more moderate factions grows. Load-shedding continues, but new renewable energy comes on stream from 2024. GDP growth picks up to around 2%, while inflation declines rapidly off a high base on the back of lower oil, food, and other commodity prices. SARB MPC starts to cut rates in H1 2024 and the prime interest rate declines to 9,75% by 2026. Credit growth recovers from 2024, supported by firmer household disposable income, higher GDP growth, and lower interest rates.

Severe stagflation scenario

External global shocks from a fractured world order, prone to a polycrisis, give rise to structurally elevated input costs and underlying price pressures create conditions conducive to the development of stagflation, countered by tighter monetary policy (interest rate hikes). Global investors turn risk off, resulting in significant financial market volatility, encouraging a flight to safe-haven assets, and the rand weakens to close to R24 to the US$ by 2026. In SA, acute structural constraints such as persistent energy shortages and logistical constraints are aggravated by these global developments. This leads to a significant rise in inflation to above 7%, countered by tighter monetary policy, with interest rates increasing to 13% and the South African economy entering a recession and contracts in both 2024 and 2025. Credit growth, as a result, slows to low single digits.

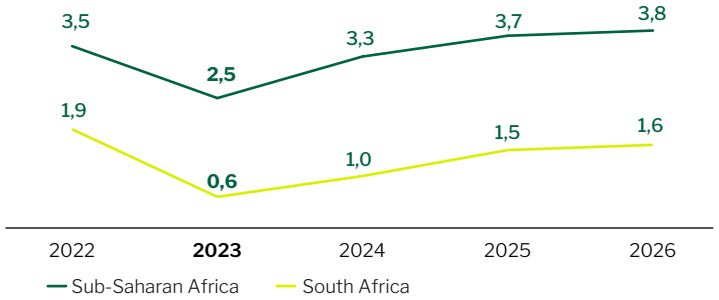
Our operating environment continued

Mixed prospects in sub-Saharan Africa

In sub-Saharan Africa (SSA), the impact of a weak global economic environment, combined with high government debt levels and tight currency supply, constrains many governments from boosting infrastructure investment and social spending to sustain the post-Covid economic recovery.

The pressure on GDP growth, although growing at least twice that of SA, reflects the worsening impact of weather-related shocks, the global slowdown, and domestic supply issues, most notably electricity supply.

GDP growth
(%)



Sources: IMF, Statistics South Africa, NGEU forecasts for SA

The sovereign debt risks outlook in parts of Africa remains elevated as low growth and high inflation challenges the stability of economies, many of which are in debt distress or at high risk with direct implications for the banking sector given high levels of sovereign debt required to be held by banks. The risks in Zambia and Ghana have already culminated in sovereign debt defaults and hit bank profitability, although good progress has been made with debt restructuring. Kenya continues to face the risk from elevated repayments in 2024. Developments in Nigeria have been encouraging, with the new government embarking on a reform programme that promises to unlock the economy's potential, although the naira has depreciated significantly against the US dollar. The prospects for higher levels of growth in Mozambique remain positive as liquified natural gas projects contemplate resumption.

The African Continental Free Trade Area (AfCFTA), which came into operation on 1 January 2023, remains a positive development and will create the largest global free-trade area, measured by the number of countries participating and connecting 1,3 billion people across 55 countries with a combined GDP of about US$3,4tn. The agreement aims to reduce trade costs and enable African economies to boost trade among them, integrating the continent further into global supply chains.





The impact on our strategy

Maintaining conservatism and a strong balance sheet (financial capital) are required during times of uncertainty to buffer against unexpected risk. The impact of a challenging macroeconomic environment is mitigated by focusing on strategic delivery (self-help), accelerating delivery of digital innovations (intellectual capital), improving client satisfaction levels (social capital), exploring new revenue streams (ecosystems and disruptive CVPs), focusing on the areas that create value (SPT), extracting operating efficiencies (TOM), and growing SDF (social and natural capitals) at more than double the rate of traditional credit. We are planning to leverage our resources (human, intellectual and manufactured capital) in SA to strengthen and transform our SADC operations to scale and become more competitive.

Our opportunities

- Improving socio- and macroeconomic conditions (under both 'base case' and 'favourable' scenarios) supports banks, and we are well positioned to leverage our market-leading expertise and capabilities in our wholesale banking franchises, while we expect to see an improvement in bad debt in our retail business as interest rates start to decline and inflation stabilises within the SARB target band.
- Providing SDF as discussed on **page 46** and supporting SA's infrastructure needs (particularly renewable energy) provides a significant and multi-year growth opportunity.
- Leveraging our industry expertise in CIB, benefiting from our investment in ETI, strengthening our SADC franchise, and leveraging our presence in Mozambique position us well to participate in the growth opportunity on the continent, outside of SA.

Our key risks

An ongoing uncertain economic environment would have a negative impact on earnings, particularly under 'high-stress' and 'severe stagflation' scenarios. Risks include slower advances growth and lower transactional volumes negatively impacting revenue growth, higher levels of impairments, and higher expenses growth from inflationary pressures and weaker exchange rates. In these scenarios, managing liquidity, credit and capital risk would become key focus areas, although all our balance sheet metrics are in a very strong position to weather these risks.

Our operating environment continued

Material matter 2

Environmental limits

Failing to meet human development needs while overshooting ecological limits is a critical risk that is facing the world. Human behaviour and natural systems are complex and interdependent, which exacerbates the challenge. Addressing this problem means a fundamental shift in the way we seek to meet minimum social standards for all humans within the limits of what is ecologically possible and aligning that to new ways for businesses to function and responsibly grow our economies.

Ecological limits play a crucial role in shaping the boundaries that define the safe operating space for human activities and encompass important aspects such as the climate system, biodiversity, water resources, and land use. If these limits are breached due to human activity, there is a risk of irreversible and catastrophic consequences for human well-being and planetary health. The current levels of geopolitical instability create an uncertain investment climate and continue to hamper efforts to meaningfully address poverty and inequality levels as well as the growing climate and biodiversity emergency.

The 2024 WEF Global Risk Report highlights the impact or severity of various risks we could face globally over the next 10 years. Environment and social risks, such as extreme weather events, biodiversity loss and ecosystem collapse, natural resource shortages, and societal polarisation feature strongly in the top 10 risks.

WEF top 10 risks for the next 10 years

1 Extreme weather events
2 Critical change to earth systems
3 Biodiversity loss and ecosystem collapse
4 Natural resource shortages
5 Misinformation and disinformation
6 Adverse outcomes of AI technologies
7 Involuntary migration
8 Cyberinsecurity
9 Societal polarisation
10 Pollution

Environmental | Societal | Technological

Source: WEF Global Risk Report

Climate change and a Just Transition

The COP28 climate conference concluded with a final consensus that lays out an ambitious response to the global stocktake, an assessment of progress made towards mitigating global warming since the Paris Agreement in 2015, and a proposed plan to close the gaps by 2030. It calls on parties to move away from fossil fuels to reach net zero, encourages them to submit nationally determined contributions, including a new specific target to triple renewables and double energy efficiency by 2030, and builds momentum behind a new architecture for climate finance to assist developing countries.

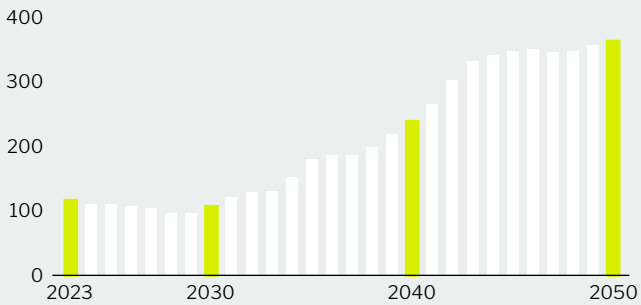
Climate change will disproportionately affect persons living in poverty, with developing countries being most vulnerable due to limited capacity to cope. Financial barriers, such as lack of capital, credit, and affordable insurance, make it hard for vulnerable communities to adapt to the harmful impacts of climate change. Financial inclusion and access to finance are therefore essential to help people experiencing poverty build their resilience, with the role of the financial sector clear in this regard.

As both a developing country and a significant carbon emitter, SA finds itself at the forefront of the Just Transition commitment, having already attracted some international funding to facilitate the initial delivery of its Just Energy Transition Plan and the government having recently approved the implementation plan for this funding. This plan offers guidance on how the financial sector and other stakeholders can contribute to the successful delivery of a Just Transition that, if adhered to, will ensure SA meets its decarbonisation commitments in a just manner that is cognisant of the country's socioeconomic development path, needs, and affordability.

A Just Transition presents many opportunities to achieve social objectives and provides a sustainable engine for economic growth for the African continent. The required shift from extractive economies to regenerative economies will be a net generator of decent jobs that can contribute significantly to poverty eradication and social inclusion. Without a Just Transition, there is a significant risk that a low-carbon, environmentally sustainable economy, which is essential to the well-being of current and future generations, will not be achieved.

The importance of the finance sector in supporting and driving a Just Transition cannot be overstated, given that capital allocation decisions from the sector in large part determine what matters can be addressed in the immediate and longer term. Fulfilling this role responsibly will see the sector working with climate-sensitive sectors to move to less carbon-intensive practices while speeding up the transition to a sustainable economy through instruments such as green and sustainability-linked bonds. Such approaches include rapid acceleration in sustainable finance activity, deliberate and ordered divestment from fossil fuels, more aggressive decisions aligned with responsible investment, and transparent disclosure and reporting aligned with best-practice climate and nature reporting. Recognising this imperative, many financial services institutions have committed to net-zero journeys and pledged to deliver much-needed funding for not only climate mitigation and adaptation solutions, but also for sustainable development imperatives as a whole.

SA's transition to net zero requires significant financing
(Rbn per annum)



Source: National Business Initiative: Financing SA's Just Transition

Our operating environment continued

Financing the SDGs

The SDGs are forward-looking and represent what is needed for a more just, equal and prosperous society. They serve as a strategic guide and provide a lens through which we can identify innovative and commercial opportunities.

Despite asymmetrical access to finance and high borrowing cost burdens, African states will need to spend about US$2,5tn by 2030 to meet their climate commitments according to a recent Cambridge University report 'Financing Africa's Low Carbon Green Economy Transition'. The UN, however, estimates that the funding gap is closer to US$4tn if achieving all the SDGs is considered. This investment need, along with the potential of creating more than 85 million jobs as estimated by the World Business Council for Sustainable Development, makes financing opportunities aligned with the SDGs a compelling proposition. As we have shown in our previous Integrated Reports, the SDG opportunity sizing exercises that we have undertaken help steer our strategy, guide our resourcing requirements, and inform our level of ambition regarding sustainable development finance. These opportunities to create positive social and environmental impacts are vast, and a subset of opportunities for SA is described below.

R900bn
needed for SA water supply and storage infrastructure by 2030

R36bn
needed per annum to fund 300 000 tertiary students in SA

R500bn
SMME funding gap in SA

R1,6tn
needed in public spending on infrastructure by 2030

R4tn
needed by 2050 to transition from coal to green energy

R28bn
shortfall in funding for SA's affordable housing

> R7bn
needed for sustainable agriculture

Sources: World Business Council for Sustainable Development, Eskom, BusinessTech, Bloomberg, The World Bank, Pietermaritzburg Economic Justice & Dignity Group, News24, Boston Consulting Group, McKinsey, Econ3x3 forum, National Treasury, Mail & Guardian, UN Women, PwC analysis and calculations, and GreenCape Market Intelligence

The impact on our strategy

Nedbank's business is mainly generated on the African continent, making us and our clients particularly vulnerable to the negative impacts of climate change. In the long term we are committed to all our lending and investments contributing to a net-zero economy by 2050, with our exit from exposure to all fossil fuels (natural capital) by 2045. In the medium term we will develop glidepaths for our material climate-sensitive sectors to guide our financial investments towards an orderly transition to a low-carbon economy, being cognisant of the social impacts of these financial decisions. As part of our 2023 reporting we have published our fossil fuel glidepaths, which aim to reduce our financed thermal-coal emissions by 47% and financed oil and gas emissions by 26% by 2030 as shown on **page 66**. Our Climate Change and Nature Position Statements as well as our Energy Policy (intellectual capital) are available on our website and set the foundational principles of how we will move our business to net zero by 2050, working closely with our clients to enable this decarbonisation journey.

Our opportunities

- Providing access to SDF at scale will meaningfully address the transition to a low-carbon economy and help tackle issues of inequality, poverty and unemployment.
- Providing SDF supports the achievement of the SDGs and our own strategic growth aspirations, with SDG-aligned financing expected to grow at more than double the rate of traditional advances growth, particularly in areas such as renewable energy, agriculture and SMME financing.
- Actively engaging with our clients to understand their decarbonisation journeys and developing innovative solutions in response will help our clients prepare for the future.
- Continue attracting like-minded talent, clients, investors, and other stakeholders who want to make a difference and partner with a purpose-led company that leads in sustainability matters.

Our key risks

- The impacts of climate change include more natural disasters; increased costs to rebuild (or retrofit) infrastructure where required; operational disruptions, including the loss of jobs and income; supply chain disruptions; the unavailability of goods and services; higher insurance claims; increased energy costs; water shortages and quality issues; as well as increased food prices and shortages.
- We face a range of climate, nature-related and social risks that could impact operations and financial performance. These include physical risks such as floods and fires, which could damage our assets and disrupt our operations; transition risks arising from policy, regulation, technology, and consumer preferences that could impact our investments and business strategy; and social risks arising from increasing inequality, poverty and high levels of unemployment that could impact our ability to operate successfully.

Our operating environment continued

Material matter 3

Disruptive technologies

Global technology changes, the emergence of GenAI and the use of digital platforms are fundamentally changing the way clients embrace financial services. Financial services companies can protect existing and unlock new revenue streams, improve efficiencies, and enhance client experiences by leveraging new technologies to create value in a sustainable manner. However, cyberrisks continue to escalate, requiring significant focus and investment.

Financial services companies continue to embrace and leverage new technologies such as cloud computing, big data, advanced analytics, machine learning, blockchain, AI, robotics, and biometrics in the optimisation of legacy IT infrastructure. These technologies assist clients in accessing banking services more efficiently through digital channels, making payments, investing, and managing their finances, while they assist employees to become more efficient and productive.



The growing potential of AI

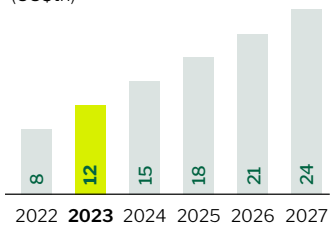
AI is driving change in financial services by enabling the automation of processes, improving client experiences, and enhancing risk management. AI technologies such as machine learning, natural language processing, and predictive analytics are being used to automate routine tasks, reducing costs and increasing efficiency. AI can also help improve client experiences by providing personalised services, such as chatbots and virtual assistants, which can respond to queries in real time. In risk management, AI can be used to detect and prevent fraud, assess credit risk, and monitor transactions for suspicious activity. The World Economic Forum expects AI to generate US$1tn in additional value for the financial industry by 2030, an estimate that is likely significantly understated.

Cyberrisk

Cyberrisk is a growing concern in the financial services industry, as the increasing use of technology and digitalisation has made financial institutions more vulnerable to cyberthreats. Financial institutions are prime targets for cybercriminals due to the sensitive nature of the data they hold and the substantial amounts of money they handle. According to the Boston Consulting Group, financial services companies are 300 times more likely to be targeted by a cyberattack when compared to other companies. Common types of cyberthreats faced by financial institutions include phishing, malware, ransomware, and distributed denial-of-service (DDoS) attacks.

To mitigate cyberrisk, financial institutions, including Nedbank, are investing in cybersecurity measures such as firewalls, intrusion detection systems, and encryption, while also implementing employee and client training programmes to raise awareness of cyberthreats and promote safe online behaviour.

Estimated cost of cybercrime worldwide
(US$tn)



Source:
Statista Technology Market Outlook (2022)

The impact on our strategy

The implementation of our world-class technology platform, discussed on **page 56**, has put us in a strong position to be more agile and more competitive while enabling us to leverage new emerging technologies such a GenAI. We continue to see strong growth in digital product sales and servicing as shown on **page 57**, moving towards more cost-effective and efficient digital solutions (intellectual capital) that offer enhanced levels of client satisfaction (social capital) as shown on **page 61**, replacing traditional employee-dependent channels (manufactured capital) as shown on **page 70**. We are increasingly offering customised credit and deposit solutions for clients by leveraging AI and data analysis, expanding the reach of our digital channels (for example our API_Marketplace), and enhancing our ability to cross-sell and offer clients additional value-added services while lowering our cost to serve and the cost to acquire clients.

Our opportunities

- Enhanced client experiences (social capital) through personalised and seamless digital interactions across various channels are enabled by enhanced digital processes and greater levels of digital adoption.
- Revenue growth (financial capital) supported by client gains, enhanced cross-sell capabilities, the ability to sell value-added services and expanding our beyond-banking client propositions, although digital transactions come at lower fees than traditional banking services.
- Enhanced productivity and improved operational efficiencies driven by enhanced digital processes and a reduction in redundant costs such as floor space and administrative jobs.

Our key risks

- Cybersecurity and data privacy remain major concerns, with cyberrisk consistently ranked among the group's top 3 risks. The rise of GenAI deepens this risk, as fraudsters can create increasingly sophisticated cyberattacks more easily, requiring banks to be proactive and stay at the forefront of cyberrisk developments.
- The skills needed to drive technological changes are in high demand, particularly in SA given the impact of emigration, heightened competition, and general skills shortages for these kinds of jobs. In response, we leverage flexible work practices (outside of SA), consultants and skills development programmes.

Our operating environment continued

Material matter 4

Increased competition

Competition in the banking sector remains intense given the presence of strong local banks and the growing threat posed by new entrants. Large South African banks are competing fiercely for deposits and high-quality assets, which has resulted in margin pressure, while new entrants in the retail banking market ensures that fee increases are kept well below inflation. In addition, competition within the SME market and renewable energy finance continues to increase. Responding appropriately to these threats reduces the risk of value erosion.

Heightened local competition

Large South African banks have strong capital and liquidity positions, which, in a slow-growth economy, increase the competition for high-quality assets.

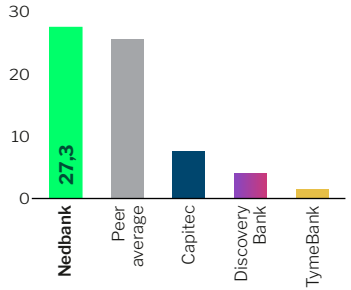
- SA's highly competitive **wholesale banking** market has seen the fight for high-quality assets intensify as demand for credit remains muted and clients delay long-term capital expenditure projects given the country's challenges as discussed on **page 43**. In addition, the competition for SDF, particularly renewable energy, has increased significantly and contributes to margin pressure.
- **Business/SME banking** is generally expected to be the next battleground, as evident in incumbents bolstering their digital capabilities and non-traditional competitors acquiring smaller SME banks, such as Capitec's acquisition of Mercantile Bank. Nedbank has a strong position in this market through our Retail Relationship (RRB) and Commercial Banking units, with the threat more focused on the lower end of the market.
- In **retail banking** asset pricing has become more competitive in the lower-risk segments of secured lending products (home loans and vehicle finance) at a time when consumers are under pressure, while banks continue to price competitively to retain market share in term and notice deposits. Cross-subsidisation to cross-sell transactional products and competitive loyalty and rewards programmes remain key tactics to deepen share of wallet.
- Heightened competition has resulted in various **strategic initiatives** such as ecosystem and platform investments to expand beyond banking, bolster digital innovations, forge new strategic partnerships, and diversify businesses in the Africa regions.

The impact of new entrants

New entrants in the South African banking system over the past few years, including Discovery Bank and TymeBank, have added to the competitive pressures in retail banking. In addition, insurers such as Old Mutual and telecommunication providers such as MTN have also expanded into attractive banking profit pools, with their primary focus on transactional services, insurance and deposits. The impact they have had to date has been mixed:

- The **number of clients** gained by new entrants has been impressive, but incumbent retail banks, in general, have not seen material client losses. This implies that retail clients have become multibanked and that a large part of the growth has come from previously low-revenue-generating unbanked consumers.
- While no comparable disclosures are available for **main-banked clients**, the Consulta primary client survey (asking consumers who they regard as their primary bank) for the period 2019 to 2022, showed that only Capitec, Nedbank and the smaller banks, which include new entrants, have grown market share.
- From a **balance sheet** perspective there has been no material lending or deposit market share gains. New entrants are likely to expand into more sophisticated lending products over time, which comes with additional operational complexity, credit risk and capital requirements.
- While transactional volumes at incumbent banks continue to grow, the impact on NIR has been evident in **bank fee** increases that have been kept well below inflation.

Annual increase in retail deposits
(Rbn, SARB BA 900)



* *Peer group includes Absa, FirstRand and Standard Bank.*





The impact on our strategy

In a fast-changing competitive landscape we need to be flexible, agile and responsive, enabled by our world-class technology platform (**page 56**), ongoing enhancements to our operating model (**page 64**) and evolving of our corporate culture (**page 68**). Expansion beyond banking into areas such as ecosystems is emerging as an attractive additional channel for selling existing Nedbank products and unlocking new revenue streams. Our leadership in renewable energy will continue to ensure we remain competitive. We are also investing in our SME franchise to enhance its competitiveness, as well as our SADC business to grow and scale.

Our opportunities

- Grow market share, deepen share of wallet, and differentiate Nedbank in a competitive market through digital leadership (**page 72**), market-leading client experiences (**page 72**), strategic portfolio tilt (**page 62**) and creating positive impacts as a purpose-led bank (**page 65**).
- Unlock new revenue streams through the commercialisation of data and our beyond-banking solutions such as Avo and API_Marketplace (**page 59**).

Our key risks

- A loss of deposit and transactional banking market share, persistent margin pressure and excessive pressure on bank fees could strain revenue growth ambitions should we not respond appropriately through our strategy. To protect against downside risk, we need to execute efficiently on our cost optimisation and TOM initiatives, discussed in more detail on **page 64**.

Our operating environment continued

Material matter 5

World of work

The world of work continues to be influenced by macroeconomic, social and political developments, digital transformation and fast-paced technological change, heightened demand for scarce skills and the war for talent, as well as requirements of employment equity legislation. These provide not only opportunities but also threats that could impact sustainable value creation.

The influence of our operating context on the world of work

Large **social imbalances,** income inequality, poverty and high youth unemployment in SA.

Economic consequences of interest rate hikes, higher food and fuel prices, and electricity shortages.



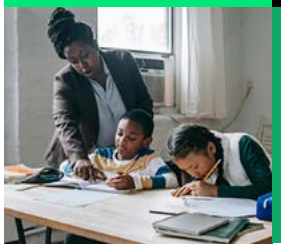
Heightened demand for scarce skills and war for talent.

Political instability and bouts of civil unrest decrease societal and investor confidence.



Amended **EE legislation** requires businesses to meet FSC targets within 5 years to continue doing business with government entities.

Digital transformation impacting client and workforce behaviours, while organisations push the boundaries for efficiencies and innovative offerings.



An **underperforming education system in SA** limits the supply of future skills.

Disparity in **race and gender representation** of the workforce in SA.



The growing talent challenge

As the talent challenge grows in complexity, the war for scarce and critical skills in SA is fiercer than ever before.

- **Global scarcity of certain skills** entices global organisations to increasingly hunt in South African talent pools.
- **Ongoing operating model and digital disruption** shape job and related skills requirements.
- A shift to a portfolio of careers requires **growth beyond traditional career pathing**.
- Exponential shortening of the shelf life of technology and related skills requires **lifelong upskilling and reskilling**.
- **Skills are strengthening as a currency**, separating talent and organisations who win, from those who struggle to compete.
- In line with new South African legislation, **talent from previously underrepresented groups is in very high demand**.
- Talent seeks out organisations that **invest in their growth and development** and offer **valuable work experiences**.
- Organisations are arming themselves with **disruptive employee value propositions (EVPs), dynamic talent approaches, as well as technology and intelligence** to access the skills they need.

The impact on our strategy

The ongoing digital revolution continues to influence organisational structures (manufactured capital) and the nature of work and skills (human and intellectual capital) needed to compete. To attract and retain the best talent we continuously review our employee practices and look at new ways, such as strategic partnerships with external institutions like universities, to address the challenges around key skills shortages.

Our opportunities

- Attract and retain the best talent through enhanced EVPs, flexible work practices, meaningful work that is purpose-led, and unlocking opportunities for career growth and development, to name a few.
- Embed 'The Nedbank Way' (our culture principles) as described on **page 69** to accelerate strategic delivery, differentiate Nedbank in the market, and become more agile, client-centred and competitive.

Our key risks

- The demand for scarce skills accelerates further as technological change rapidly transforms skills requirements, emigration continues to pose a risk, and the war for talent intensifies.
- The cost of attracting and retaining key talent increases materially.
- The pace of change in the workplace, coupled with social and economic distress in our society, impacts employees' emotional and financial well-being as well as their safety. This poses a risk to employee engagement and productivity.

Our operating environment continued

Material matter 6

Regulatory demands

As the global and local environments evolve, so do legislative and regulatory requirements. This places additional demands on financial institutions as they seek to comply with these requirements through strategic and operational change, including enhanced risk management practices. Key focus areas include regulatory developments in technology and cybersecurity, payments, consumer protection, financial crime, ESG (including climate change) and bank regulation, all of which impact financial institutions and their ability to create value.

Regulatory scrutiny via supervision, investigations, and enforcements is focused on compliance within stipulated timelines. This requires financial institutions to proactively identify and assess legislation once it has been published for commentary or implementation. The following key developments are closely monitored as they may impact on Nedbank and its stakeholders in the coming years:

Digital transformation and technological innovation

Technological change continues to drive an increase in automation and the use of AI as businesses seek faster, more efficient and less resource-intense processes. These developments attract attention from various regulators and influence regulatory frameworks, which have led to the release of draft regulatory requirements such as the Joint Standard on Cybersecurity and Cyberresilience and Directive 2/2023 on Cybersecurity and Cyberresilience within the national payment system. The South African government has declared cybersecurity as a 'central national priority' and is expected to finalise the National Data and Cloud Policy, which will increase attention on data security, cyberrisk and cybersecurity.

Payments

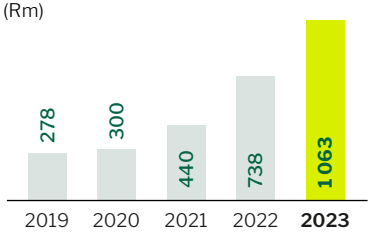
There is an ever-growing amount of regulatory change and industry initiatives in payment, which aim to increase competition, security and payment best practices. Increasing regulatory control, rapid technology advancement and competitive business environments dictate that financial institutions need to be more agile and scalable to meet both legislative and the modern client's requirements. In SA, a key focus is on financial inclusion for consumers who have shifted to digital adoption and use, leading to the launch of PayShap in 2023.

Consumer protection

The Financial Sector Conduct Authority (FSCA) continues to focus on developing regulatory frameworks for Open Finance, crypto currency, and other digital innovation with emphasis on consent, inclusion, and consumer education and protection. Considerable efforts have been made to develop conduct risk reporting to ensure good client outcomes as reflected by the release of the draft cross-sectoral conduct of business reporting in 2022 and the subsequent industry consultations in 2023 to ensure the report, once it has been finalised, will be fit for purpose across all sectors.

In 2023 the South African Banking Risk Information Centre (SABRIC) continues to report steep rises in digital banking fraud, with losses in 2023 surging by 45% to over R1bn.

Digital banking fraud losses in SA
(Rm)



Financial crime

The South African government and its authorities are focused on addressing the remaining deficiencies that were identified in the 2021 Mutual Evaluation Report issued by FATF and the subsequent greylisting outcomes. Significant progress was achieved in 2023, with many of the deficiencies being addressed by government and financial institutions. Part of the remedial efforts included the amendment of 6 laws, among others the Financial Intelligence Centre Act, Protection of Constitutional Democracy Against Terrorism and Related Activities Act, Companies Act and Financial Sector Regulation Act, being key to the effectiveness of SA's measures in terms of anti-money-laundering and combating the financing of terrorism. The focus for financial institutions is now on ensuring compliance with the resultant legislation through the introduction of new or enhanced existing controls.

ESG

- **ESG reporting** – An increase in reporting obligations is placing pressure on regulatory reporting processes, data and infrastructure. Financial institutions are expected to report on social and environmental risks through effective, consistent, and comparable sustainability- and climate-related disclosures to demonstrate accountability in addressing social and environmental challenges.
- **Diversity, equity and inclusion** – A growing number of laws and requirements are being enacted to support greater DEI in the workplace. In addition to amendments to existing transformation laws, the regulatory scrutiny and demands from the FSCA have increased.
- **Environment/Climate** – Key legislative developments include a statement by the FSCA, clarifying its role in sustainable finance and the need for consumer education and protection; the publication of proposed guidance on climate-related disclosures and risk practices by the PA; and the advancement of the Climate Change Bill through the legislative process.
- **Remuneration** – The Companies Amendment Bill introduced in 2023 saw the inclusion of a new requirement dealing with the governance and disclosure of the remuneration policy of a company and a directors' remuneration implementation report. These amendments seek to ensure transparency and fairness within the company and to the wider public.

Bank regulation in SA

Key regulatory changes from a banking perspective over the next few years:

- **Deposit Insurance Scheme** – The Corporation for Deposit Insurance (CODI), which is a separate entity within SARB, has been mandated to manage a deposit insurance scheme (DIS) in SA, designed to protect depositor funds and enhance financial stability. The scheme will be implemented on 1 April 2024 pending secondary legislation, which is expected to be passed in March 2024 and will result in additional costs for banks. The estimated cost to Nedbank in 2024 will be approximately R230m.
- **Basel III reforms** – In 2023 the PA published the 2nd draft of the proposed directives with amendments to the regulations relating to banks, addressing key matters related to the Basel III post-crisis reforms; revisions to the standardised and internal ratings-based approaches for credit risk; the new standardised approach for operational risk; refinements to the definition of the leverage ratio exposure measure; and revised output floors that limit regulatory capital benefits that a bank, using internal models, can derive relative to the standardised approaches.
- **Flac instruments** – SARB introduced a new tranche of loss-absorbing, non-regulatory, bail-inable debt instruments that will enable the Resolution Authority to execute statutory bail-in during a resolution scenario to recapitalise the failing institution. It is anticipated that the issuance of Flac instruments will incur additional costs, as these instruments are envisaged to replace maturating senior unsecured debt instruments over the phase-in period that starts in 2028.

Managing risk strategically

The operating environment is expected to remain volatile and difficult, where risks are elevated and multiple crises could occur at the same time or in quick succession, creating a complex and interconnected set of challenges for governments, organisations and societies.

Despite unfavourable conditions, Nedbank has consistently demonstrated world-class risk management practices over many years. The risk landscape is not only about minimising the downside risk but also about optimising upside risk and the opportunities that arise. As such, we continue to strike a balance between managing risk and supporting stakeholders in a difficult operating environment, while also unlocking opportunities. By responsibly allocating our resources to opportunities that offer sustainable, risk-adjusted growth and returns, we aim to create and protect value.

Banking is all about managing risk

The business of banking and financial services is fundamentally about managing risk, and we always strive to be world-class, with a strong risk culture, sound governance and a robust enterprisewide risk management framework in place.

Our extensive risk landscape can be designated into 5 risk categories:

- Traditional major risks, such as credit, liquidity and capital risk.
- New emerged or emerging risks, such as ESG.
- Emerging technologies, digital transformation, and data risks, such as GenAI.
- Strategic-execution risk.
- Risk innovation and transformation.

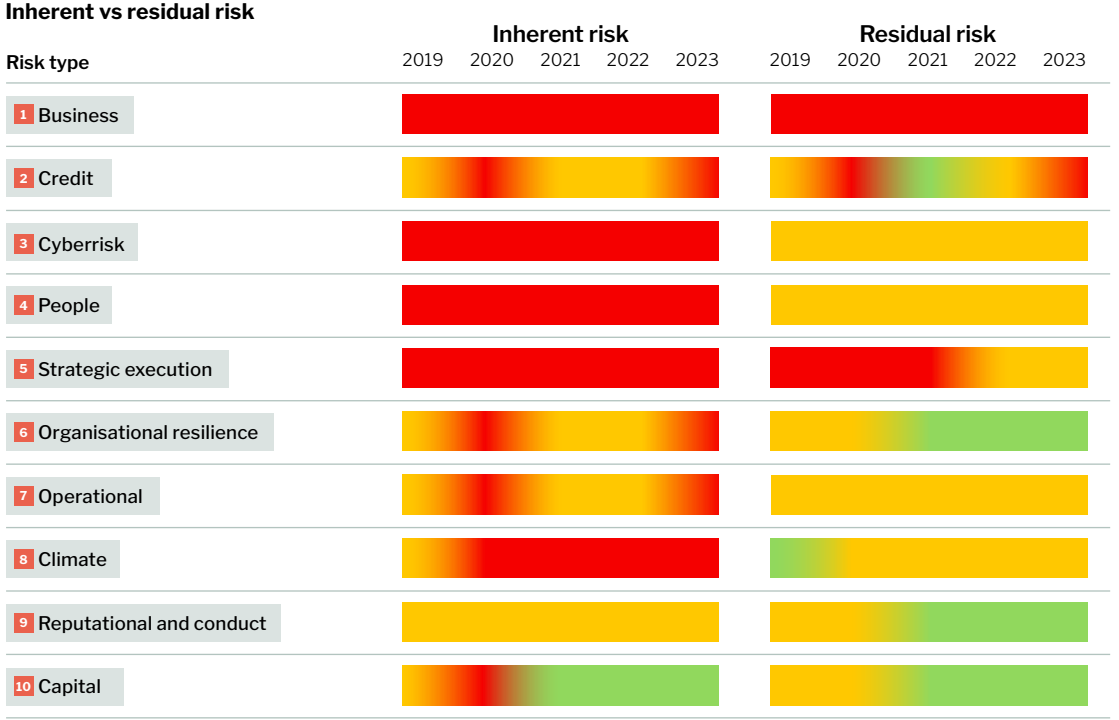
New emerged or emerging risks

In addition to the major traditional risks that are associated with banking, various new emerged and emerging risks have come forth and continue to evolve and grow in importance. These risks include those of which the impacts have not yet significantly materialised such as ESG, with a strong focus on climate, and new digital risks relating to crypto assets and GenAI. We remain vigilant of their potential impacts, and we constantly scan global and local environments for root causes that could potentially impact value creation.

Inherent vs residual risk

The overall status, outcome and effectiveness of our risk management have remained favourable and duly stress-tested by various ongoing crises and shock events. To illustrate this, we look at our risks from an inherent and residual perspective. Inherent risk is the 'gross risk' and a gauge of the temperature before we take action. It considers the external environment and internal risk factors, enabling subjective judgement. Residual risk is the 'net risk' and outcomes remaining once risk management activities (mitigation and controls) have been implemented. Despite our external business environment being volatile and difficult, our residual risk outcomes at the end of 2023, as seen in the table below, were favourable.

Inherent vs residual risk



Managing risk strategically continued

The top 10 risks identified for 2024 are the primary risks informing our risk management priorities.

1 Business

2019: 2 1 1 1 1 1 — 2024

Awareness of emerging risk factors in both local and global markets can impact how business is conducted, while political instability can additionally cause heightened levels of uncertainty with deep social and economic impacts.

Continuous power outages (Eskom), logistical challenges in port and rail (Transnet), high interest rates, low GDP growth and sticky levels of inflation in SA are impacting our clients.

Our response

- Updated our risk appetite framework to ensure it remains fit for purpose in the operating environment.
- Embedded our business recovery and continuity plans.
- Updated South African country risk scenarios in our business plans and stress-testing scenarios.
- Identified opportunities in infrastructure and renewable energy finance while planning for an improvement in key macroeconomic outcomes such as lower interest rates.

Risk link to the 6 capitals: Financial, Intellectual, Social and relationship

Risk category: Traditional

2 Credit

2019: 6 4 2 3 2 2 — 2024

Credit risk management remains a core competency of any bank.

The impacts of steep interest rate increases and high levels of inflation added pressure on consumers' finances and, together with the resolution of problematic loans in CIB, the group's CLR increased to 109 bps, above the group's TTC risk appetite target range of 60 bps to 100 bps.

Our response

- Focused management interventions, including better collections and loan origination, resulted in CLRs in RBB improving across all products and segments in H2 2023.
- Material risks relating to CIB clients in business rescue were resolved.
- Oversight, monitoring and reporting on the credit life cycle were enhanced.
- From 2024 the group CLR is expected to reduce and return to the target range over the full year.

Risk link to the 6 capitals: Financial, Intellectual

Risk category: Traditional

3 Cyberrisk

2019: 2 7 5 4 3 3 — 2024

Cyberrisk requires ongoing focus considering its relevance to our Digital Strategy and the increase in the threat landscape enabled by a difficult macroeconomic environment.

Our cyberrisk management remains mature, and we continue our journey towards enhanced cyberresilience.

Our response

- Maintained our #1 BitSight rating among South African banks and a top cyberresilience benchmark maturity score.
- Closely monitoring the evolution of 3rd-party risk management and data loss prevention trends.
- Monitoring cyberrisk metrics, while significantly increasing our investment in skills, systems, training and awareness.

Risk link to the 6 capitals: Financial, Intellectual, Manufactured, Human

Risk category: Traditional

4 People

2019: x 2 6 5 4 4 — 2024

People risk remains elevated and exacerbated by external socioeconomic challenges, resource constraints, competition for in-demand scarce skills, as well as internal operating model changes.

Considering the impact of evolving skills requirements, skills shortages, emigration, new ways of work, and DEI, the world of work affects our overall employee risk profile.

Our response

- Having succession plans in place and developing our people to their full potential to ensure they are future fit.
- Continuously embracing DEI in our operating environments.
- Ensuring fair and non-discriminatory practices and enabling our people to look after their wellness.

Risk link to the 6 capitals: Human, Intellectual, Financial

Risk category: Traditional

Managing risk strategically continued

5 Strategic execution

2019: 1 11 3 2 5 5 :2024

Successfully and safely navigating organisational change requires the ongoing management of delivery risk associated with ensuring that the strategic objectives are pursued in a sustainable manner that preserves or enhances organisational value.

Risk management focus on the emerging and expanding impacts of the amount of organisational change across the group has been broadened, enabling Nedbank to respond fully and appropriately to changes.

Our response

- Completing ME in 2024, while commercialising and building on strategic technology foundations to deliver market-leading client experiences and unlock revenue opportunities through flexible and resilient client solutions.
- Monitoring SPT and target operating model progress against targets.
- Focusing on achieving ESG and SDF goals and realising climate-related opportunities.

Risk link to the 6 capitals: Financial, Intellectual, Manufactured, Human

Risk category: Traditional

6 Organisational resilience

2019: x x x x 6 6 :2024

Organisational resilience is an organisation's ability to anticipate, prepare for, respond, and adapt to incremental change and sudden disruptions to enable it to deliver on its objectives, survive and prosper. These changes and disruptions may include water crises, load-shedding, electricity blackouts and social unrest.

We view organisational resilience as a coordinated and integrated approach to increase our adaptive capability and ability to manage change.

Our response

- Facilitated the enhancement and embedment of operational resilience components.
- Conducted ongoing blackout scenario impact planning in alignment with the industry.
- Managing emerging risks.
- Applying sound strategic planning to increase our ability to adapt and respond to change.

Risk link to the 6 capitals: Natural, Intellectual, Manufactured, Human

Risk category: Emerging

7 Operational

2019: 4 2 6 6 7 7 :2024

Necessary actions are being driven by various committees across the group to manage the impact of operational risk on people, processes, technology, and external events.

The optimal synergy of people, process, and technology results in a resilient, high-performing Nedbank with increased productivity, improved quality, enhanced collaboration, greater agility, better decision-making, and increased satisfaction among employees and clients.

Our response

- Continuous building of a strong risk culture across the group while monitoring risk appetite at respective governance processes.
- Continuous monitoring and assurance of the payments landscape and risks.
- Effective management and resolution of audit matters.

Risk link to the 6 capitals: Natural, Intellectual, Manufactured, Human

Risk category: Traditional

8 Climate

2019: x 12 10 8 8 8 :2024

Climate risk continues to be top of mind for the board and Group Exco and is at the top of the agenda for countries and businesses.

As a purpose-led organisation, we are acutely aware of our central role, alongside other financial industry companies and governments, in driving sustainable socioeconomic development for the benefit of all stakeholders.

Our response

- Facilitated the integration of climate-related risk into traditional financial risks, including embedding our Climate Risk Management Framework across the group.
- Enhanced climate risk reporting to align with new international disclosure requirements.
- Conducted climate-related stress testing and scenario analysis.
- Using our expertise to develop and offer innovative client solutions and facilitate the transition to net zero.

Risk link to the 6 capitals: Financial, Natural, Social and relationship

Risk category: Emerging

Managing risk strategically continued

9 Reputational and conduct

7 9 9 9 9 9
2019 2024

Nedbank's reputational risk is largely driven by public controversies and informed by public perception.

We have a zero tolerance for corruption and expect all our stakeholders, including our clients, service providers and employees, to conduct themselves ethically and with integrity.

The conduct risk control environment remained stable, with ongoing oversight on open matters and no material concerns relating to the internal control environments.

Our response

- Managed through our proactive reputational risk management strategy and strong governance.
- Proactive communication.
- Perform benchmarking according to international trends and developments for conduct risk management.
- Continuously analyse and monitor potential impacts of the unprecedented level of change on conduct and culture.

Risk link to the 6 capitals:
Intellectual, Social and relationship

Risk category:
Emerging

10 Capital

X 5 4 10 10 10
2019 2024

We have a fortress balance sheet in place, supported by strong capital and liquidity ratios as shown on **page 76**.

Resilience has become a defining characteristic of sustainability and success for local and global banks.

Our response

- Reviewed the group's dividend cover and payout ratio.
- Continuously focusing on risk-weighted assets (RWA) optimisation and forecasting quality.
- Continuously refining our capital plan and its execution.
- Leveraging our strong balance sheet position to pursue growth opportunities.

Risk link to the 6 capitals:
Financial, Intellectual

Risk category:
Traditional

Board oversight – ensuring and protecting value
Group Risk and Capital Management Committee (GRCMC)

'The GRCMC remained focused on maintaining a high standard of risk and governance oversight and enhancing Nedbank's resilience and growth in a challenging and turbulent operating environment. We remain confident that our robust and agile risk management framework enables the creation and preservation of value for all stakeholders.'

Errol Kruger, Chairperson



Ensuring and protecting value in 2023

- Monitored the effectiveness of the Enterprisewide Risk Management Framework (ERMF) in ensuring high standards of risk management governance practices and cultivating a desired risk culture.
- Monitored cyberresilience against the evolving threat landscape in which digital banking fraud losses across the industry and ransomware attacks, in both the private and public sectors, have increased.
- Ensured a thorough assessment of the implications and learnings from the international banking turmoil of March 2023 in some international markets and enhanced risk management processes accordingly.
- Assessed the adequacy and effectiveness of the Group Blackout Plan to support operational resilience in an unlikely national blackout (electricity outages) and the orderly closing and re-opening of financial markets.
- Oversaw and supported the board and management in their engagement with shareholders, regulators and other stakeholders, and addressed their feedback and suggestions regarding risk and governance.

Focus for 2024 and beyond

- Review and approve the 2024 ICAAP and ILAAP and recommend board approval.
- Monitor heightened business risk due to the complex and challenging operating environment, externally driven by megatrends like technological disruption, demographic shifts, a fracturing world order and social instability.
- Continue to monitor the exploration and safe adoption of newly emerging technologies, eg GenAI and crypto assets while remaining competitive.

Stakeholders

Clients, Regulators, Employees, Shareholders

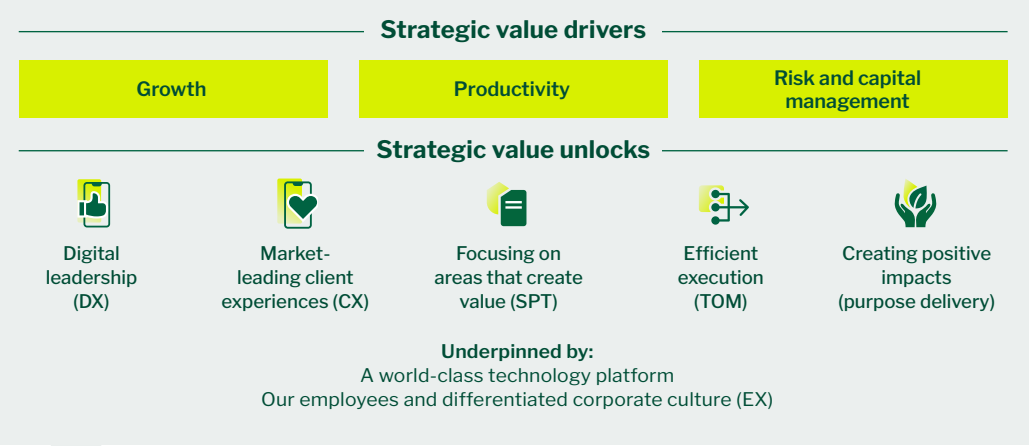
Top 10 risks

1 Business | 5 Strategic execution | 10 Capital
2 Credit | 6 Organisational resiliency
3 Cyberrisk | 7 Operational | 8 Climate
4 People | 9 Reputational and conduct

A comprehensive GRCMC Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.

Our strategy

Our strategy, represented by strategic value drivers and strategic value unlocks, provides a clear framework of where we need to focus as a purpose-led organisation and what we need to do to meet our short-, medium- and long-term targets to create value for our shareholders and other stakeholders.



Strategic value drivers

Through our strategy we seek to grow revenue faster than expenses and increase levels of productivity, while maintaining world-class risk and capital management metrics to meet our medium- and long-term targets.

Growth – To grow, we focus on gaining profitable market share in key lending categories, increasing our share of transactional main-banked clients and related deposits, and ensuring we deliver market-leading client experiences that will help us attract new clients and deepen our share of wallet among existing clients. We also look to unlock a large insurance opportunity, benefit from solid ongoing associate income growth from our investment in ETI, and grow and scale returns in our NAR business.

Productivity – To boost our productivity and improve operational efficiency, we build on existing efforts to optimise our operating model in a more digital world by leveraging the technology platforms we have put in place.

Risk and capital management – Our world-class risk management capabilities ensures that we balance risk and reward trade-offs appropriately. Our CLR is expected to return to within the target range of 60 bps to 100 bps by the end of 2024, while capital levels will remain strong, supporting future growth. Dividends are expected to be paid at the top end of the group's payout ratio, subject to board approval.

Strategic value unlocks

Our strategy, which is enabled by our world-class technology platform and our employees as our most important asset, is delivered through 5 strategic value unlocks: digital leadership and digital experiences (DX), market-leading client experiences (CX), focusing on areas that create value (known as strategic portfolio tilt), efficient execution (including target operating model enhancements) and creating positive impacts, including delivering on our purpose of using our financial expertise to do good while maintaining our leadership in ESG matters.

Achieved our 2023 targets

Post Covid-19, Nedbank was among the 1st South African banks to set new medium-term targets at the start of 2021, including financial targets (DHEPS, ROE and the cost-to-income ratio) and a non-financial target (NPS). This was done in an environment of uncertainty and it was important to inform our shareholders of the value creation potential, since consensus analyst forecasts at the time were around 13% for ROE and above 56% for the cost-to-income ratio. All these targets were met in 2023, as discussed on **pages 75 to 79**.

Medium- and long-term targets

While meeting our 2023 targets was an important milestone, we aspire to improve our profitability metrics further. By the end of 2025 we aim to have grown DHEPS by more than a compound annual growth rate (CAGR) of GDP growth + CPI + 5%; achieved an ROE of 17% (around COE + 2%) and a cost-to-income ratio below 52%; and retained our #1 position in NPS. These targets were based on our macroeconomic assumptions that were set in February 2023 and ongoing delivery on our strategic value unlocks as key enablers and we have subsequently highlighted that 52% cost-to-income ratio target is only likely to be achieved in 2026. In the long term we aim to increase our ROE further to 18% or more (COE + 3%) and our cost-to-income ratio to below 50%.

	Diluted headline earnings per share	Return on equity	Cost-to-income ratio	Net Promoter Score
Short term	By end 2023			
	> 2 565 cents (2019 levels)	15% (2019 levels)	< 54%	#1 bank (from #3 in 2019)
Medium term	By end 2025			
	> CPI + GDP + 5% (CAGR to end 2025)	17% (around COE + 2%)	< 52%	#1 bank
Long term	5 years +			
	> CPI + GDP + 5% (CAGR through the cycle)	> 18% (around COE + 3%)	< 50%	#1 bank

*These targets are supported by various strategic and stakeholder-related targets as discussed on **page 22**.*

Our strategy continued

World-class technology platform

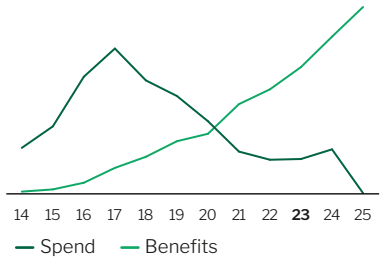
Through our Technology Strategy we have built a world-class financial services technology platform (manufactured and intellectual capital). Our Managed Evolution (ME) transformation programme that has started in 2015, tasked to build a modern, modular and digital information technology (IT) stack, is nearing completion. The platform has enabled the delivery of innovative digital solutions through faster product development cycles and, as a result, we have become more client-focused, competitive and agile. Looking forward, we look to leverage the foundations that we have put in place to expand our digital and data capabilities.

Managed Evolution nearing completion

At the end of 2023 we reached **95%** build completion, and the programme is aiming for full completion by the end of 2024 – on time, on scope and on budget, with the complete refactoring and modernisation of our core banking systems and the digitisation of the 2 remaining digital client onboarding and servicing journeys, being home loans and vehicle finance. Since 2019 we have digitised our personal loans, transactional, overdrafts, credit cards, investments, Forex, stockbroking and insurance products.

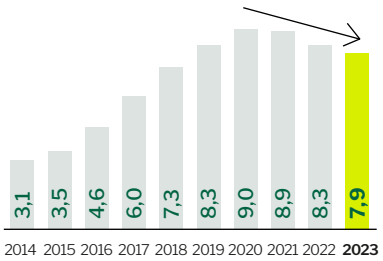
The benefits of ME are evident in the digital progress we have made (discussed on **page 57**) and the realisation of cost benefits through our target operating model initiatives (**page 64**). The financial implications are shown in the adjacent graph, with benefits accelerating and spend reducing. Two global consulting firms benchmarked our ME programme against a globally recognised peer group of 14 local and international banks. Their findings concluded that our technology strategy delivers ongoing value and that Nedbank is among a few enterprises in the peer group that has achieved revenue uplift from its IT transformation programme. Cost optimisation was slower compared to other leading global peers. However, given Nedbank's approach of using natural attrition to optimise costs, that was a deliberate outcome and the benefits have since increased.

Investment vs benefit realisation
(%)



Intangible software assets on our balance sheet ended 2023 at R7,9bn, down from R8,3bn in 2022 and having peaked in 2020 at R9,0bn. This decline is aligned with lower levels of IT cash flow spend, which peaked in 2017 at around R2,3bn and are expected to remain around the R1,6bn level going forward (2023: R1,3bn).

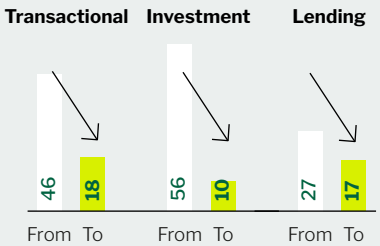
Intangible software assets
(Rbn)



Leveraging our new core banking platform

As we leverage our new core banking platform, we have started rationalising and simplifying our groupwide product set with more configurable generic products and flexible pricing. To this end we will seek to reduce the number of transactional products by around 60%, the number of investment products by around 80%, and the number of lending products by a percentage to be determined. In May 2023 we launched 3 new MiGoals transactional products for our retail consumer banking clients. These are the 1st transactional products released off our new core banking systems and, since the launch, 2,1 million MiGoals accounts have been opened (1,4 million migrations and 0,7 million new sales). MiGoals will be followed by the release of similar transactional products for Private Clients, high-net-worth clients and businesses, as well as a relaunch of an optimised set of investment and lending solutions.

Core banking products
(Number of products)



Leveraging our technology investments

As we close out the ME programme, our focus shifts to leveraging our IT stack to expand our digital capabilities, with emphasis on the following:

- Leveraging data and GenAI for commercial advantage.
- Optimising processes end to end.
- Accelerating our cloud migration strategy, with the aim of almost doubling our use of cloud computing and storage from 45% in 2023.
- Converging for scale, including aligning the 3 Nedbank mobile apps and the NAR IT systems to the ME IT stack to further enhance client experiences and efficiencies.
- Protecting against disruption and enabling continued growth through payment modernisation.

COO, Mfundo Nkuhlu, discusses progress on the group's technology and strategy.



Key targets and KPIs

Include ME completion, number of core IT systems, IT software development spend, intangible software assets, and cloud use (see pages 72 and 73 for more detail).

Our strategy continued

Digital leadership (DX)

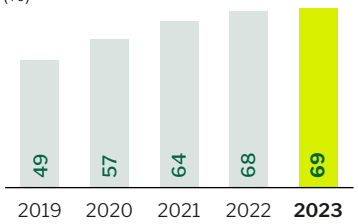
We seek to amplify the digital experience (DX) for our clients and employees by leveraging and commercialising our IT foundations and the investments made over the past few years. Companies that successfully meet the digital challenge by providing client-focused and market-leading digital solutions are likely to see an increase in client satisfaction, a strong shift towards digital adoption by their clients and, as a result, a larger share of client revenue and improved client retention.

Digitally active clients, digital onboarding, servicing and sales

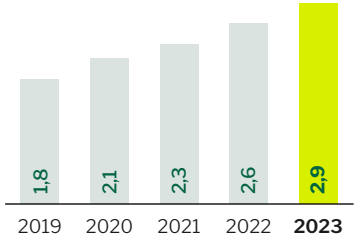
Digitally active clients

The number of digitally active retail clients in SA increased by 11% yoy (62% since 2019) to **2,9 million**, representing **69%** of our retail main-banked clients (from 49% in 2019), and we are now close to our medium-term target of more than 70%. Digitally active clients across the NAR business grew from 57% to 64% yoy off its total active-client base.

Digitally active main-banked clients
(%)

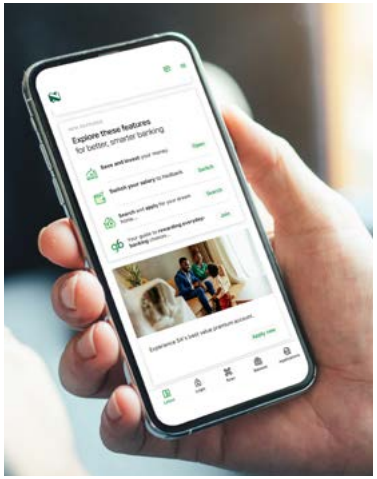


Digitally active clients
(Million)



Digital onboarding

Our simplified digital client-onboarding and service platforms [Eclipse for retail clients and the Nedbank Business Hub (NBH) for business clients] continue to mature and expand, enabling clients to open FICA-compliant accounts remotely through our employee-assisted and self-service digital channels. These platforms provide a seamless omnichannel experience and include our apps, Online Banking, kiosks, contact centre and in-branch channels.



Digital servicing

Over the past few years our services that were available only at a branch or through human interaction were automated. Today, **more than 200 retail client services** (from 170+ in 2022) and **more than 400 juristic services** (from 200+ in 2022) are available on our apps and via electronic platforms, enabling our clients to benefit from self-service options. Independent benchmarking by McKinsey shows that Nedbank consistently ranks above local peers and above the average of global leaders on servicing features offered to clients via mobile channels.

In CIB more than 95% of clients were migrated from our previous system to NBH. Survey results show that multibanked clients feel the NBH experience surpasses competitors on critical metrics, including true channel convergence. In Commercial Banking over 82 000 service requests were received via NBH during the year, the bulk of which were straight-through requests (immediate delivery to clients), and 28 000 of these requests were actioned via the self-service channel.

Product sales

Digital product sales in our retail business increased to **55%** of all sales (2022: 53%), showing the remarkable digital transformation over the past few years, having started at only 12% in 2019. We have extended our advantage over local banks but more needs to be done to get closer to global mobile leaders and our target of more than 75% in the medium to long term. The digitisation of our home loans and vehicle finance client journeys, extending our insurance quoting, fulfilment, and claims functionality on digital channels to 17 product offerings (2022: 10) and 7 channels, as well as the use of AI and digital marketing, will contribute to higher levels of digital sales.

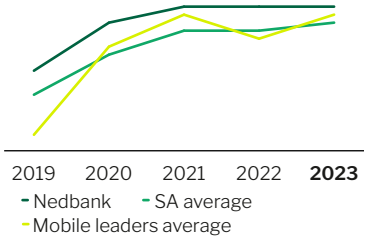


Case in point

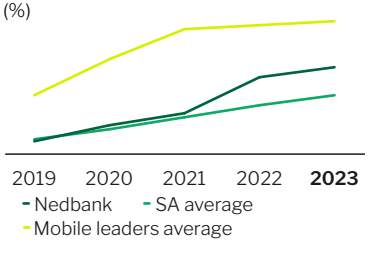
Benchmarking against world-class practices

We regularly benchmark our digital capabilities against local and global best practice. In terms of service features, we perform ahead of local peers and global mobile leaders and surpass local competitors in terms of digital sales.

Service features offered
(%)



Digital sales contribution
(%)



Source: 2023 Finalta Survey (McKinsey)

Our strategy continued

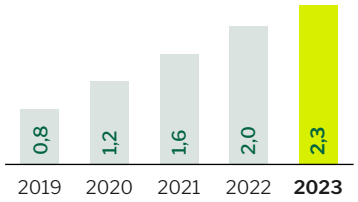
Apps

Our apps are now the primary channel that clients use to transact. The Nedbank Money app reached **2,3 million** clients in 2023, up by 16% yoy. Transaction volumes on the Money app increased by 18% yoy (up by 315% since 2019) and transaction values increased by 19% (up by 298% since 2019). In 2023 we further improved our digital offering by going live with the insurance widget and static offers, increasing activity and sales. The Nedbank Private Wealth app, which offers integrated local and international banking capabilities, continued to be enhanced regularly to deliver a leading client experience. The Nedbank Money app (Africa), offering convenience, a wide range of functionality and great user experiences for our NAR clients, reported a 24% yoy increase in app users.

Money app reached 2,3 million clients in 2023, up by 16%

A key strategic focus in the period ahead is the alignment of the abovementioned apps for scale and consistent experience across all client segments and geographies.

Active Money app users
(Million)



Digital when you want it; human when you need it

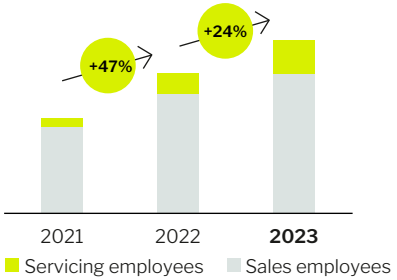
Our groupwide approach of 'Digital when you want it; human when you need it' not only offers our clients cutting-edge, fast, safe and convenient digital banking but also a human touch for clients who have more complex needs.

Our Imagine branch design focuses on convenience and digital self-service banking, with features like an appointment booking system through the banking app suite. Clients can use the Nedbank Money app or Nedbank Online Banking to book a date and time with a branch consultant without having to wait in a queue to get personal financial guidance or assistance. At the end of 2023, 71% of our points of presence has been converted to the Imagine format (around 50% in 2022), with the plan to convert all our points of presence by December 2025.

In-branch, clients are presented with 3 distinct service zones, offering self-service options, employee-assisted services, and expert advice. Our continued focus on sales productivity and our Everyone Sells Strategy resulted in in-branch sales and service productivity improving by 24% after a 47% increase in 2022.

As we continue to digitise our interface with wholesale banking clients, we remain aware of the need for the 'human touch' in certain interactions. We want to service our clients in the most efficient, effective, and empathetic way. Our 'digital first with human support' approach means that relationship managers can guide clients through complex deals and services to ensure that their financial needs are being met, while clients can also use digital self-service tools to find what they need on their own.

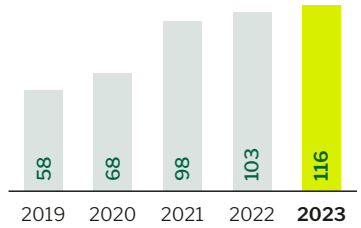
Branch employee sales
(Sales/Role/Day)



Digital transactions

Digital transaction volumes in SA increased by 12% yoy (by 98% since 2019) and transaction values were up by 10% (up by 54% since 2019), ahead of SA nominal GDP of around 6,5%.

Digital transaction volumes
(Million)





External recognition

- 2023 Finnovex Awards Southern Africa — **Excellence in Mobile Banking** (winner)
- 2023 Finance Derivative Magazine Awards — **Best Retail Banking Technology Implementation South Africa** (winner)
- 2023 Euromoney Awards — **Best Digital Bank In Africa** (winner)
- 2023 Global Finance Magazine Awards — **Best Bank for client-facing technology** (winner)

Our Beyond Banking Strategy

As traditional revenue streams come under pressure from increased competition, banks are increasingly looking to unlock new sources of revenue and cross-sell while focusing on acquiring and retaining clients. Our Beyond Banking Strategy is to integrate seamlessly, through digital engagement platforms, within selected ecosystems to assist businesses and consumers in acquiring solutions, goods and services.

Avo super app

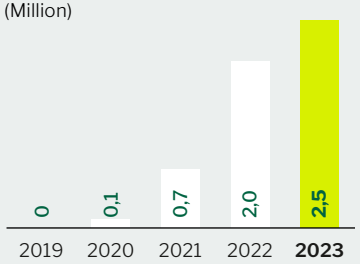
Since its launch in 2020, the Avo super app (SuperShop) has signed up **2,5 million** customers (up by 26% yoy). Avo continues to grow exponentially, with more than 100% yoy increase in gross merchandise value (GMV) as all 3 Avo ecosystems gain momentum.

- **Avo Auto**, a virtual vehicle mall launched in 2021, now hosts over 880 MFC-accredited dealers (up more than 100%) with close to 25 000 vehicles on the platform (up more than 100%) and has grown GMV 3,5 times yoy.
- **Avo B2B** launched to market in 2022 and offers a stock financing or working capital solution to businesses through a secure facility, contributing significantly to GMV growth in 2023.
- **Avo Home** continues to increase its number of partners to drive scale, with GMV growth of 23% yoy. Avo Solar was launched in August 2023, with over 100 residential installations, of which 70% are being financed by Nedbank.

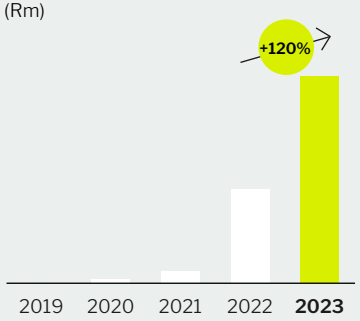
The Avo SuperShop launched in Namibia in August 2023 and is showing good progress with 15 merchants, of which Apple is #1. Progress is expected to improve as more merchants are added to the platform.

In recognition of the progress we have made, Nedbank won the Excellence in Innovation Banking App South Africa Award (Nedbank Avo) at the Global Banking & Finance Awards 2023.

Registered Avo clients
(Million)



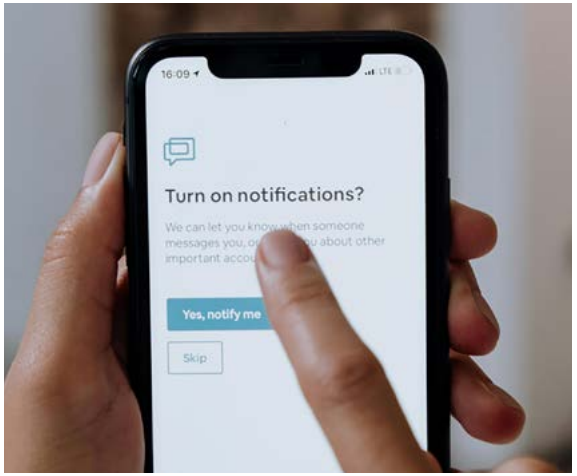
Avo gross merchandise value
(Rm)



Application programme interfaces

After having been the 1st bank in Africa to launch an application programme interface (API) platform (API_Marketplace), we made ongoing progress in scaling the platform and driving our embedded finance strategy. The number of 3rd parties active on API_Marketplace continued to grow and increased to 64 (2022: 56). In 2023 we extended our API product offering to Common Monetary Area (CMA) countries (Namibia, Lesotho and Eswatini), having enabled EFT payments and wallet APIs.

What are APIs?
APIs allow seamless integration of our partners and 3rd parties within Nedbank's products and services, enabling them to embed innovative financial solutions into their customer journeys. An example is our Insurance API, through which 3rd parties allow their customers to apply for Nedbank vehicle and building insurance on their app or website. Other APIs we offer include PayShap, cash outs at an ATM or a retailer, direct EFT payments and personal loans.



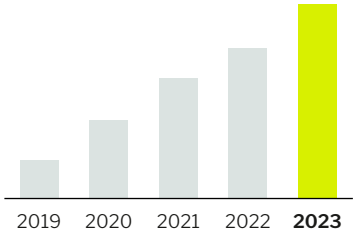
Payment modernisation

The modernisation of our payments domain is progressing well. Our participation in industry modernisation initiatives and our own payments efforts enable us to create a fully interoperable enterprise payment service hub that will optimise the cost to serve, increase innovation cadence, respond to open-finance opportunities, and unlock competitive advantages by enabling contextual and embedded payments. In March 2023 the industry rapid-payments programme, PayShap (a low-cost, immediate and interoperable digital payments solution) was launched successfully. Nedbank has participated in the programme and to date there has been steady growth in its use, with 2,3 million consumers registered and 11 million payments processed, worth over R7bn across all participating banks. Nedbank clients contributed approximately 28% to the overall volume. Since the launch we continue to be the bank that offers clients the widest range of transactional channel options, with more than 200 000 ShapIDs having been registered, culminating in over 3 million transactions.

Value-added services

Revenue from value-added services grew by 29% yoy (up by 197% since 2019) across prepaid data, voucher and electricity purchases, as well as LOTTO and sending money to cellphones.

Value-added services revenue
(Rm)



Revenue from value-added services grew by 29%

Our strategy continued

Commercialisation of data and use of AI

We have invested significantly in our data capabilities, leveraging big data and AI through strong analytics teams. While it is early in the AI journey, the progress we have made on our technology journey is foundational for seamless integration and fast adoption of AI capabilities. We have already delivered numerous AI solutions that have generated benefits by using machine learning and data science techniques to make intelligent decisions based on data, including next-best-action strategies to drive higher levels of cross-sell. In support of our focus on data, we have created the role of a Chief Data Officer to spearhead initiatives across the group.

Going forward we will accelerate our AI capabilities with a further **53 data and AI analytics use cases** being explored. In partnership with Microsoft, the MS365 Copilot Early-access Programme was launched with the allocation of 300 licences. Early adopters from across the bank participating in the programme are identifying and validating high-value use cases in support of organisational readiness and the adoption of GenAI. Several use cases have already been implemented, resulting in productivity gains and quality improvements to business correspondence, research, and the maintenance and application of policies. Pilot users have noticed an average time saving of 42 minutes a day, with the top time-saving activities relating to creating and summarising documents, emails and chats. Copilot Web, formerly known as Bing Chat Enterprise, was launched in October 2023, providing personal and company data protection and extending GenAI capabilities to all Nedbank employees.

Examples of AI use cases

- **Copilot, a new GenAI tool** for MS365 productivity apps
- **Advanced credit scoring** models
- **Early warning systems,** eg defaults on loan payments
- **Client profitability** enhancements
- **Cross- or upsell** lead creation
- Preapproved **lending offers**
- **Optimised cash operations** based on the predicted need
- **Fraud detection** and prevention

Key targets and KPIs

Include digitally active clients, digital sales and Avo super app clients.
We are busy exploring new KPIs as we seek to increase client digital activity and measure the impact of new technologies such as AI (see page 47 for more detail).

Board oversight – ensuring and protecting value

Group Information Technology Committee (GITCO)

'The Nedbank Group technology strategy remains relevant and has laid the foundations to accelerate value creation across the group, supporting sustainable growth and returns.'

Rob Leith, Chairperson



Ensuring and protecting value in 2023

GITCO monitored and ensured the adequacy, effectiveness and efficiency of information systems from a risk and strategic-alignment perspective, with particular focus on the following:

Operational resilience

- Closely monitored the availability and stability of systems.
- Monitored the management of IT risks, particularly cyberrisk.

Strategic initiatives

- Monitored the management of talent and scarce skills risks.
- Oversaw the progress and funding of large IT programmes, particularly ME, Nedbank's IT transformation and modernisation programme.
- Approved business cases for new large IT programmes, including the Nedbank Africa Regions (NAR) harmonisation (ie migration onto the modernised South African technology stack).
- Reviewed and supported the group's technology strategy up to 2026, with its increased focus on accelerating commercialisation to increase competitiveness and sustainable value creation.
- Received training on GenAI, payments modernisation, and ESG in banking.

Focus for 2024 and beyond

Monitor operational resilience, including:

- the availability and stability of systems; and
- operational and strategic technology risks, cyberresilience, and emerging cyber- and technology trends.

Monitor execution and commercialisation of the IT strategy, including:

- the completion of ME and other large technology initiatives;
- migration of NAR to the South African technology stack (ie harmonisation strategy);
- scaling of Nedbank's 'beyond banking' and platform strategies;
- the progress of Nedbank's hybrid multicloud and data capabilities; and
- the optimisation and automation of processes across Nedbank.

Stakeholders

Clients | Regulators | Employees | Shareholders

Top 10 risks

3 Cyberrisk | 7 Operational | 5 Strategic execution | 9 Reputational and conduct

A comprehensive GITCO Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.

Our strategy continued

Market-leading client experiences (CX)

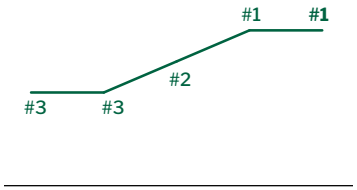
In a highly competitive financial services market, the ability to deliver exceptional client experiences (CX) is a crucial differentiator, supported by a strong competitive brand. Our aspiration is to be Africa's #1 digital financial services provider by retaining a #1 position among South African banks in client NPS, thereby enhancing our social capital.

Creating great client experiences

Net Promoter Score

The outcome of the digital progress we have made is evident in higher levels of client satisfaction in our retail business, particularly in our NPS rankings. In 2019 Nedbank ranked #3 among South African banks and by 2020 we improved to become the #2 large bank in the Consulta NPS survey. In 2022 the Kantar NPS survey replaced the Consulta survey, and our ranking improved to **#1 among the same South African banks** for the past 2 years. Our NPS score of 78 LA1 improved from the 2022 score of 76, supported by #1 rankings in the categories of trust, digital banking, convenience (ATMs and branches), and friendly and caring employees (2023 Segment Tracker survey). In our NAR business, we also ranked #1 in NPS in Eswatini and Mozambique.

Nedbank NPS rank
(Rank among top 5 banks in SA)



IT systems availability

IT systems availability improved to **99,5%** LA1 (up from 99,3% in 2022) and is above our target of greater than 99,1%. This, along with ongoing digital innovation and enhancements, supports our NPS score.

Client complaints

In 2023 the number of client complaints **declined by 23%** to 70 860 as data and process enhancements contributed to fewer Money app-related complaints and fewer complaints related to deceased estates.

App ratings

Our apps remain highly rated on the iOs and Android app stores, with lifetime store client ratings for the Nedbank Money, Nedbank Private Wealth and Nedbank Money (Africa) apps achieving scores of 4,3, 4,6 and 3,8 (out of 5) respectively.

Case in point

Greenbacks – our revamped loyalty and rewards programme

Our Greenbacks programme continued to deliver strong membership growth, with new enrolments up by 15% yoy to 1,9 million members. Strategic partnerships with bp and Nu Metro delivered additional value of more than R81m to clients since their inception. In February 2024 we launched our revamped Greenbacks programme, offering members the highest level of unlimited cash back on debit and credit card purchases in the industry at up to 2%, as well as up to 30% off on flights, and up to 10% off on Apple and Samsung devices. The revamped Greenbacks includes a Greenbacks Exclusive store on Nedbank's Avo platform, where members enjoy discounts on various household appliances. The revamped Greenbacks has 10 simple money behaviours that members can adopt to move from level 0 to 5. Member profitability (earnings per member) increases as they move to higher levels, as do the rewards that they enjoy.

External recognition

- 2023 Global Banking and Finance Awards – **Best Retail Bank in South Africa** (winner)
- 2023 Global Banking and Finance Awards – **Best Investment Bank in South Africa** (winner)
- 2023 Intellidex Top Private Banks and Wealth Managers Awards – **Top Private Bank** (winner)

Building a competitive brand

We are building a compelling brand proposition through differentiated client value propositions and entrenching 'see money differently' as our brand proposition, while influencing people to change their money behaviours, increasingly through digital marketing efforts and customised messaging leveraging data and AI.

In 2023 Nedbank was ranked #4 most valuable bank brand and **#8 most valuable brand** among South African companies, up from #9 position in the prior year, with the group's brand value having increased by 15% to R17,3bn (Brand Finance 2023). In support of this, the Brand Finance Brand Strength Index indicated that Nedbank was the leading South African bank in the categories of brand awareness, consideration and loyalty.

Our legacy



Nedbank has a legacy dating back to the early 19th century, when the Cape of Good Hope Bank was established in 1831. Over the years, the bank underwent several branding and structural changes, transitioning from The Nederlandsche Bank voor Zuid-Africa to the Netherlands Bank of South Africa, and then to Nedcor Group in the 1980s. In 2003 the group was rebranded as Nedbank Group and following various brand propositions, 'see money differently' was launched in 2017.

Key targets and KPIs

Include NPS rankings, app ratings, IT systems availability, client complaints, and Nedbank's brand value and rank in SA (see page 72 for more detail).

LA1 External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner's Limited Assurance Report on selected key performance indicators.

Our strategy continued

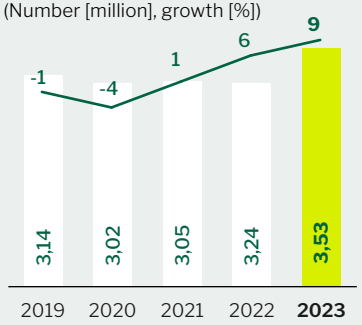
Focusing on areas that create value (SPT)

We focus on areas that create value through our strategic portfolio tilt initiative, which is a groupwide strategy focused on growing profitable market share in selected areas through integrated client-led asset and liability client value propositions, leveraging the point of origination to increase the levels of cross-sell with a keen focus on growing the transactional-banking relationship and main-banked market share.

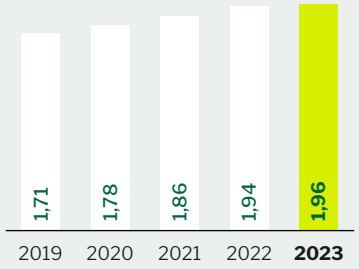
Main-banked client gains and cross-sell

- In 2023 main-banked clients in retail grew by 9% to **3,53 million**, LA1 making good progress towards our target of more than 4 million in the medium term. Importantly, the correlation between main-banked client growth and transactional NIR growth in the Retail and Business Banking (RBB) consumer segment was strong. The increase was supported by growth across all client segments, including youth by 4%, entry-level clients by 14%, middle-market clients by 5%, and private clients by 9%.
- Cross-sell increased to **1,96** (compared with 1,94 in 2022 and 1,71 in 2019). The opportunity to cross-sell insurance products across the group remains significant. The MyCover suite showed good growth, with gross earned premiums up by 16% in MyCover Funeral, 25% in MyCover Life and more than 487% in MyCover personal lines, although off a low base.
- Corporate and Investment Banking (CIB) gained **20** new primary clients in the period.
- In NAR total clients increased by 4% to **349 254**, LA1 of which around 147 000 are main-banked clients.

Main-banked retail clients
(Number [million], growth [%])



Cross-sell ratio
(Number of products/client)

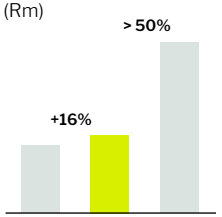


Case in point

Unlocking the large insurance opportunity

Insurance remains a significant growth opportunity for the group, enabling greater penetration of the Nedbank client base through integrated client solutions that offer clients a convenient and easy way of doing business. Over the past few years, the business has invested significantly in diversifying its life and non-life insurance product range and distribution channels, to deliver a market leading client experience. In 2023, the business extended its quoting, fulfilment, and claims functionality on digital channels to 17 product offerings (2022: 10), launched the 'insure' widget and 'offers for you', and redesigned the digital insurance experience to enhance client accessibility and improve user experience. The combination of these initiatives has created a more engaging platform for clients, growing digitally active clients by 58% in 2023. The customisable MyCover solution range, which includes funeral, life and comprehensive personal lines insurance, achieved 41% growth in gross written premium (GWP) in 2023, and together with the above, supports the more than 50% growth in forecasted GWP planned for the medium term. Looking ahead, the business will continue to prioritise growth through group collaboration, enhanced client experiences from improved digital and data usage, greater brand awareness and data-driven targeted campaigns, while continuing to engage with clients through an omnichannel presence.

Gross written premium
(Rm)





LA1 External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner's Limited Assurance Report on selected key performance indicators.

Our strategy continued

Lending and deposit-taking market shares

Sustainable and profitable market share gains are not linear. Each product has its own individual flight path for market share gains linked to 10 separately identified factors of internal readiness such as credit policies, digital capabilities and marketing focus, product profitability, and market influences such as competitive practices at peers, client affordability, behaviours and needs, as well as the macroeconomic environment. Progress in achieving our desired portfolio tilts in 2023 was mixed, although overall core lending market share remained steady at **17,9%** as reported in December 2023 SARB BA900 returns.

- **Market share gains –** Over the past 12 months we increased market share in home loans (from 14,1% to **14,4%**), retail overdrafts (from 12,9% to **15,1%**) and commercial term loans (from 15,5% to **16,4%**), with the aim to continue growing in these areas.
- **Selective credit origination –** In areas where we have strong market share positions, we have been more selective in credit origination in the current economic environment, including vehicle finance (from 35,4% to **35,5%**) and commercial mortgages (from 36,8% to **36,0%**). Given our assessment of risk in the external environment, we have deliberately slowed growth in some product areas and, as a result, reported market share declines in personal loans (from 11,9% to **11,0%**) and credit cards (from 11,0% to **10,0%**). While we plan to grow market share in credit cards, we will continue assessing the environment to grow personal loans.
- **Focus on deposits –** Our strategy to grow our deposit franchise was evident in total retail deposit market share increasing (from 16,0% to **16,4%**) after a long period of market share losses. More work is required in growing market share in retail and commercial transactional deposits.

BA900 market share (%)	December 2022	December 2023	yoy change
Total core loans	17,9	**17,9**	▶
Wholesale term loans	15,5	**16,4**	▲
Home loans	14,1	**14,4**	▲
Commercial property	36,8	**36,0**	—
Vehicle finance	35,4	**35,5**	—
Personal loans	11,9	**11,0**	▼
Retail deposits	16,0	**16,4**	▲
Commercial deposits	17,6	**17,1**	▼

Key targets and KPIs

Include main-banked clients, cross-sell, CIB primary client wins, selected lending and deposit market shares, CLR, and CET1 (see page 73 for more detail).

Board oversight – ensuring and protecting value

Group Credit Committee (GCC)



'Credit risk management and governance remained resilient despite a weak local economy hampered by high interest rates, higher inflation, load-shedding, infrastructure challenges, a weaker global economy, and a deteriorating geopolitical environment. The GCC continued to provide independent oversight, ensuring a quality credit portfolio that remains adequately impaired.'

Errol Kruger, Chairperson

Ensuring and protecting value in 2023

- Approved the adequacy of impairments (biannually) to ensure that the expected credit loss (ECL) held against gross loans and advances (GLAA) was appropriate.
- Approved the adequacy of credit risk-weighted assets (RWA).
- Tracked and monitored initiatives to improve origination and collection processes and their impact on the 2023 credit loss ratio (CLR).
- Oversaw deep dives into the possible impact of a blackout scenario (electricity outages) on the economy, the impact of elevated interest rates on the credit portfolio, and the impact of infrastructure decay on Nedbank's portfolio.

Focus for 2024 and beyond

- Oversee ongoing credit risk management across all portfolios to optimise the outcome of the cost of credit and credit RWA.
- Monitor and consider the impact of the implementation of Basel III Reforms on the credit portfolio.
- Monitor developments emanating from SARB's proposed amendments to Directive 7/2015 relating to the treatment and classification of distressed restructures on the credit portfolio.
- Continue to focus on early-identification strategies regarding distressed portfolios, industry-specific concentration risks, and the proactive management of key watch list clients.

Stakeholders

Clients | Regulators | Employees | Shareholders

Top 10 risks

1 Business
2 Credit
8 Climate

A comprehensive GCC Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.

Our strategy continued

Efficient execution (TOM)

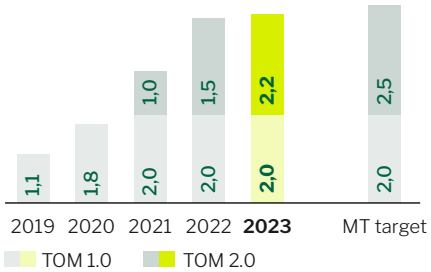
Technological developments provide opportunities for improving efficiency by bringing new digital offerings to the market more quickly, lowering the cost to serve; optimising the overall cost base through the reduction of branch sizes and ancillary costs; and optimising processes through the use of AI. Central to achieving our cost-to-income-ratio targets is ongoing optimisation of our operations.

TOM 2.0

Our Target Operating Model 2.0 (TOM 2.0) programme, which was launched in 2021, is aimed at optimising the shape of our infrastructure (branches and corporate real estate), shifting our RBB organisational structure so that it is more client-centred, and optimising our shared-services functions across the group as a direct result of the digital benefits from ME. At the end of 2023 the cumulative cost benefits realised have increased to **R2,2bn**, slightly below our target of R2,5bn following decisions to reconsider the timing of the implementation of some initiatives linked to revenue uplift and a delay in cost initiatives. Our R2,5bn target remains in place and is expected to be met in H1 2024.

The implementation of Project Phoenix, aimed at shifting our RBB organisational structure from being 'product-led, supported by client and channel views' to being 'client-segment-led, supported by product and channel views', is materially complete, including the consolidation of middle and back offices within the cluster, thereby unlocking efficiencies.

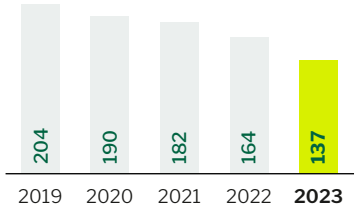
Cumulative TOM benefits
(Rm)



Optimising our physical channels

As we optimise the shape of our infrastructure through Project Imagine (our new digitally focused outlets), branch floor space has decreased by 27 000 m² in 2023 (cumulatively by 111 000 m² from 2014 levels) to **137 000 m²**.

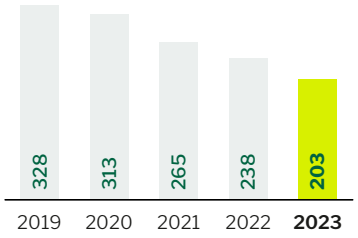
Branch floor space
(000 m²)



Optimising our own corporate real estate

Through our strategy of consolidating and standardising our own buildings, the number of campus sites (offices) has decreased from 31 to 23 over the past 4 years. Since 2016 we have saved more than **178 000 m²** in floor space, including around 35 000 m² in 2023, and we are well on our way to 200 000 m² by 2025.

Office space
(000 m²)



Technology benefits

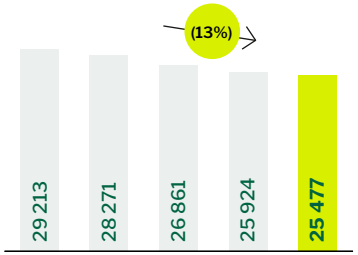
Savings in technology include efficiencies in network costs, a reduction of printing costs, the implementation of agile methodologies, and new ways of work (nWoW), with overall reductions in headcount, rigorous licence and service vendor management as well as the implementation of our cloud migration plans, with reductions in on-premise costs.

Our chatbot, Enbi, is assisting clients at scale, with over 10 million interactions recorded to date. Of all engagements, 78% are managed through this chat function, freeing up the capacity of agents to support clients with more complex queries. Enbi is now also available on our website, nedbank.co.za, and assists clients in real time within digital onboarding flows. The Money app and other self-service channels play the primary role in providing clients with simple and convenient banking, anytime, anywhere.

Effective central functions

We continue to focus on ensuring efficient and effective central group functions, including marketing, risk, human resources, finance, and technology. At the end of December 2023 our total group permanent headcount declined by 456 or 2% yoy (and 3 745 or 13% since 2019) to **25 477**, largely through natural attrition.

Permanent employees
(Number)



TOM 2.1

Our ongoing focus on extracting value from our technology investments and our world-class technology platform has resulted in the launch of TOM 2.1, which builds on our TOM 2.0 initiatives. TOM 2.1 will focus on extracting additional benefits from maturing our data and analytics capabilities, modernising key processes and payments, and implementing GenAI strategies. We are in the process of estimating associated revenue and cost benefits to be extracted over the medium term, and more detail will be communicated during 2024.

Key targets and KPIs

Include branch and corporate real estate floor space, our cost-to-income ratio, TOM benefits, and permanent headcount (see pages 91 and 92 for more detail).

Our strategy continued

Creating positive impacts (purpose delivery)

For our business to succeed, we need a thriving economy, a well-functioning society, and a healthy environment. We also recognise that sustainability issues such as climate change, inequality, and social justice play a material role in shaping this system and setting the guardrails to optimise how we operate.

Through capital allocation decisions, banks play a significant role in helping to determine the shape of society and support the economy over the long term. Banks also contribute to set the pace and scale of the required transition and can drive sustainable socioeconomic development for the benefit of all stakeholders. It is in this context that our purpose guides our strategy, behaviours, and actions towards the delivery of long-term system value. Together, the UN SDGs (as forward-looking strategic levers) and ESG (as a backward-looking measure) keep us on track to fulfil our purpose.

Fulfilling our purpose of using our financial expertise to do good is most impactful by delivering on our sustainable development finance (SDF) commitments as we deliberately tilt our lending portfolio to areas that create positive impacts and align to the SDGs. Doing less harm focuses on reducing our carbon impact, both through our financing activities and our own operations.

Purpose Programme of Work

The need for banks to understand, adapt to, and support the climate and broader sustainability agenda continues to be a defining trend shaping the financial sector. The pace of change, driven by the climate reality of limited time, demands from stakeholders, as well as ensuing regulation and growing disclosure requirements, has seen many banks scrambling to keep pace, as it requires change and response across all areas of the bank – from strategy and compliance to product innovation. Nedbank is committed to its sustainability journey, and our investments in institutional capability and capacity building ensure groupwide coordination to move forward.

The year 2023 was the start of a more formal and integrated approach to this challenge, with a Purpose Programme of Work (PPOW) being established and endorsed by both the board and Group Exco. The programme guides and coordinates our efforts to enhance fulfilment of our purpose. It is centred on (i) defining the correct focus, content, and extent of work to be accomplished; (ii) the capabilities required to do so; and (iii) delivering greater coordination to ensure that the group's return on investment is optimised, risks are managed more effectively, broader commercial opportunities are captured successfully, and business time and resources (including related expenditure) are used most efficiently.

The programme involves embedding sustainability and climate considerations through 8 workstreams: planning, strategy, risk and compliance, reporting and disclosures, people, governance and organisation, data and infrastructure, and processes and decision-making. These workstreams focus on fast-tracking ESG data and systems, embedding decisions in credit and lending processes, and building capability regarding financed emissions in support of Nedbank's transition plan.

Sustainable development finance (do good)

Our focus on sustainable development finance sees us using more of our investment and lending to juristic entities and to individuals to deliberately deliver positive social and environmental outcomes across a wide range of sectors. We undertake this through 3 primary focus areas, namely sustainable finance, financing the transition, and financial inclusion through our products and services.

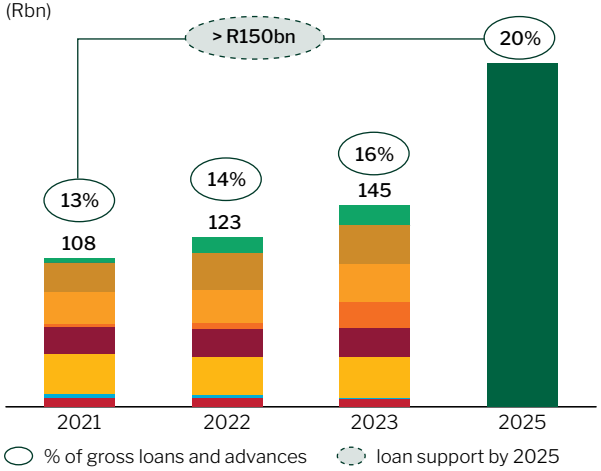
Through our commitments, we aim to model what is required of finance institutions to help address ESG challenges. While we recognise the equal importance of all 17 SDGs, we have prioritised 9 of them where we believe we have the greatest ability to deliver meaningful impact through innovation in our banking products as well as our lending and investment practices.

At 31 December 2023 we had exposures of **R145bn** (2022: R123bn), representing **16%** of the group's gross loans and advances (2022: 14%). It is our ambition to increase our finance exposures related to sustainable development to around 20% of the group's total gross loans and advances by the end of 2025. This will be underpinned by more than R150bn in support of new SDF that is aligned with the SDGs (from our starting base in 2021). To achieve our targets, we are positioned to deliver strong growth in SDG 7 (renewable energy), SDG 12 (agriculture) and SDG 8 (SMME lending), while further work is underway to make more meaningful impacts in SDG 6 (water) and SDG 4 (education). The impact of the difficult macroeconomic environment is likely to see slow growth in SDG 11 (affordable housing).

As a responsible financial institution, we recognise the significance of sustainable development in generating long-term value for our stakeholders.

Sustainable development finance[1] ESG

(Rbn)



[1] *By the end of 2025 it is our ambition to have increased our SDF exposures to around 20% of the group's total gross loans and advances.*

- **R28bn** support for farmers and the agriculture sector
- **R30bn** total renewable energy exposures (R46bn limits), supporting new generation capacity of almost **4 GW**
- **R13bn** for affordable housing to construct **> 33 000** units
- **R1,1bn** funding for clean water and sanitation
- **R22bn** lending exposure to small businesses and their owners
- **> 11 000** student loans and **> 43 000** student beds financed since 2015
- **R15bn** sustainable finance across multiple SDGs for CIB clients (R27bn limits)

More detailed disclosures are available in our 2023 Society Report at nedbankgroup.co.za.

Our strategy continued

Reducing our carbon impact (do less harm)

Our journey to net zero continues to evolve, and strategic progress in 2023 included disclosing our fossil fuel and power generation glidepaths. These glidepaths guide our transition to supporting a low-carbon economy, setting financed emissions baselines for new sectors, including residential home loans and vehicle finance continue reducing our own operational carbon footprint, and increasing sourcing of renewable energy for our own operations.

2020 **Climate change resolutions** passed with 100% votes of approval at our 53rd AGM.

2021 Adopted and disclosed our market-leading **Energy Policy** and inaugural **TCFD Report**.

2024 Disclose net-zero aligned **glidepath for upstream fossil fuels and power generation in our 2023 Climate Report.**

2025
- **No provision** of project financing for **new thermal-coal mines**.
- Reduce Nedbank's **own operations' carbon emission by > 40%** (from 2019 levels).
- Generate > 30% of Nedbank's own energy needs from **renewable sources.**

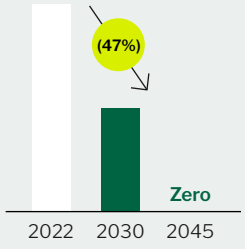
2030 **Thermal-coal funding** to be < 0,5% of GLAA.

2035 **No new finance** for oil production.

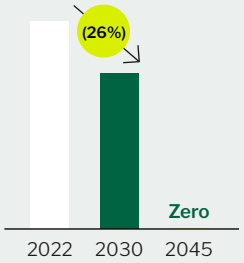
2045 **Zero exposure** to fossil-fuel-related activities.

2050 **100% of lending and investing** supporting a net-zero carbon economy.

Thermal-coal glidepaths
($ktCO_2e$ financed)



Oil and gas glidepaths
($ktCO_2e$ financed)



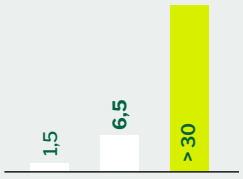
Power generation

Adopted a **cap** aligning to the NZE target of **165 gCO_2e/kWh**

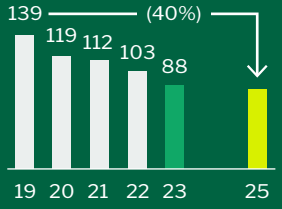
Financed emissions ESG

Building on our history of climate and environmental leadership, and in line with our commitment to have zero fossil fuel exposure by 2045 (in line with science-based requirements), we have finalised our 1st sectoral glidepaths that inform our exit from thermal-coal as well as oil and gas sectors over time. Nedbank will use the widely adopted International Energy Agency (IEA) Net Zero (NZE) 2050 pathway as a basis for our 1st targeted commitment to 2030 (31 December 2029) for our fossil fuel and power generation pathways. This science-based pathway aligns with the goals of the Paris Agreement, keeping global warming well below 2°C by 2050 and pursuing efforts to limit the temperature increase to 1,5°C. This will result in targeted reductions from 2022 to 2030 of **47%** for thermal coal and **26%** for oil and gas. As a result of our significant renewable energy power generation book, the current carbon intensity of the energy book is already below the 2030 NZE target of **165 gCo_2e/kWh**, and we have therefore adopted the 2030 IEA target as a cap, with a cap beyond 2030 to be assessed closer to the time. In addition to these glidepaths, we plan on disclosing more glidepaths in climate-sensitive sectors.

Own operational renewable energy sourced
(% of total electricity)



Own operational GHG emissions
($ktCO_2e$)



Our own operational emissions ESG

Our own scope 1, 2 and 3 greenhouse gas emissions reduced by a further 12% in 2023 to 113 339 $ktCo_2e$ LA1 with a reduction target of more than **40%** by 2025 (from the 2019 base). In 2023, 6,1% of our energy use was from renewable energy sources (1% in 2022), and we aim to increase this to more than **30%** by the end of 2025.



LA1 External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner's Limited Assurance Report on selected key performance indicators.

More detailed disclosures are available in our 2023 Climate Report at nedbankgroup.co.za.

Our strategy continued

Other ESG highlights

In 2023 external stakeholders again acknowledged our efforts in sustainability and ESG matters, with the following as key highlights:

- We maintained our **level 1 BBBEE** status for 6 years and generated 2 835 (2022: 1 835) 1st-time job opportunities for unemployed youth through the YES Programme (just below 10 000 since 2019).
- We continued to improve our **DEI metrics**, as demonstrated by increased numbers of black and female employees.
- **Employee satisfaction** remained high, and we have increased access to banking for the unbanked through innovative digital banking solutions, with Nedbank leading the market in PayShap transactions (28% share of transactions).
- We have published our 1st **Nature Position Statement**, which builds on our Climate Position Statement, acknowledging that nature and climate are inextricably linked. It explains how Nedbank understands nature, its current state, and what must be done to restore it. It commits us to a path that is aligned with global best practice, forming the basis for our related strategies and the foundation from which policy and nature commitments and targets can be set.
- We were the winners of Sustainability Reporting in Financials (Banking) and the runners-up of Best Climate-related Reporting at the 2023 ESG Investing Awards.
- A continued increase of employees working on site has resulted in an increase in resource consumption during 2023. Water consumption was 159 105 kℓ LA1 reflecting a 10% increase (144 954 kℓ in 2022) and there has been an 8 % increase in tonnes of waste sent to landfill to 154 tonnes LA1 (142 tonnes in 2022). As a result of our office optimation project, there was a 26% increase of waste recycled to 427 tonnes LA1 (338 tonnes in 2022).

Independent ESG ratings

We are proud to have retained our top-tier ESG ratings. Our MSCI rating remained at AAA for the 2nd year in a row (top 5% of global banks); S&P Global had a score of 60 (top 9% of global banks); Sustainalytics assigned Nedbank a low-risk score of 17,1 (the top 10% of diversified banks); ISS assigned a C rating (top 10% of global banks); and FTSE Russell had a rating of 3,9 out of 5 (top 26% of global banks and an FTSE4Good Index constituent).

Mike Davis (CFO) shared insights on Nedbank's approach to sustainability.



External recognition

- 2023 Global Banking and Finance Awards – **Best Retail Bank in South Africa** (winner)
- 2023 Global Banking and Finance Awards – **Best Investment Bank in South Africa** (winner)
- 2023 Intellidex Top Private Banks and Wealth Managers Awards – **Top Private Bank** (winner)

Key targets and KPIs

Include renewable energy finance, SDF exposures, carbon emissions financed and that of our own operations, as well as our BBBEEE contributor status (see pages 72 and 73 for more detail).

Board oversight – ensuring and protecting value

Group Climate Resilience Committee (GCRC)

'Nedbank's purpose inextricably aligns with the sustainability agenda. Its purpose-led and values-driven approach gives us direction in protecting nature, adapting to a changing landscape impacted by climate change, and engaging our clients on mitigating social and environmental risks.'

Brian Dames, Chairperson



Ensuring and protecting value in 2023

- Continued our reporting against the requirements of the Taskforce on Climate-related Financial Disclosures.
- Considered the overall responsibility for central coordination of sustainability, sustainable development finance and climate-related functions, led by the Group Executive: Group Strategy.
- Steered the development of the bank's fossil fuel (upstream coal, oil and gas) and power generation glidepaths.
- Added a prohibition of lending towards activities that may negatively impact biodiversity resources in protected, critical habitat and conservation areas.
- Reviewed and supported the alignment of sustainability and climate reporting with the IFRS Sustainability Disclosure Standards.
- Provided oversight of enterprisewide roles and responsibilities for environmental and social issues (including climate resilience), which resulted in a proposed programme of work (Purpose Programme of Work) to institutionalise purpose fulfilment across the organisation.

Focus for 2024 and beyond

- Overseeing and facilitating the prioritisation of sectoral glidepath developments and scaling the group's sectoral glidepath development to cover a significant portion of the prioritised high-emissions portfolios.
- Guiding preparation for the SARB Financial Stability Department's intended 2024 Climate Risk Stress Test (CRST).
- Monitoring climate and ESG risk.
- Monitoring the enablement of sustainable development finance through our purpose.
- Continuously overseeing client engagements to assist with clients' transition journeys.
- Focusing on the execution of the ESG Tech Steerco initiatives.

Stakeholders

Clients, Employees, Society, Shareholders, Regulators

Top 10 risks

1 Business | 2 Credit | 5 Strategic execution | 8 Climate | 10 Capital

A comprehensive GCRC Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.

LA1 External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner's Limited Assurance Report on selected key performance indicators.

Our Human Capital Strategy

Our Human Capital Strategy is a key enabler of the group's strategy, embracing our employees as our most important asset and our culture as a key differentiator. Our focus remains on achieving 4 strategic outcomes.

A fit-for-purpose Target Operating Model, organisational design and workforce composition

Digital transformation that is supported by a changed operating model, organisational design and workforce composition, with the aim to drive efficiency, agility and competitiveness.

Human-centred leadership and a culture that unlocks value for our clients

A culture shift that enables the evolving Nedbank operating model, leveraging human-centred leadership and inspiring our workforce.

A transformed and skilled workforce

A highly skilled, diverse and transformed workforce, representative of society, is key to remaining competitive. We continue to focus on reskilling our workforce for a new reality and creating a sense of belonging for all.

A high-performing and healthy workforce

The performance of our workforce can be sustained only through a focus on their holistic well-being and a range of competitive benefits that offers greater choice.

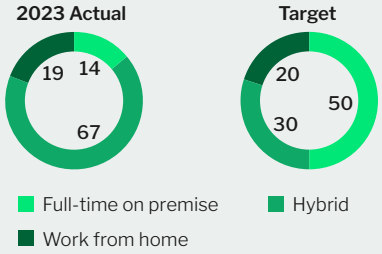
Key human capital allocations and developments in 2023

We **adapted our work model** to facilitate agility and efficiency.

We equipped 300 employees with **AI tools** to learn and experiment.

We continued to **reshape our workforce distribution** from a hierarchical pyramid structure to a diamond shape (more highly skilled and technical roles, flattening organisational layers and less administrative functions).

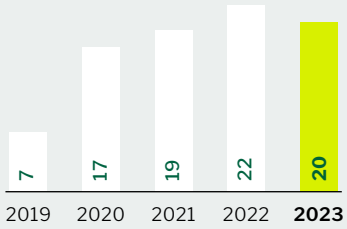
Workforce distribution model
(%)



We developed a set of culture principles, **The Nedbank Way**, which will have the biggest impact on achieving our business outcomes. See more detail on the following page.

Our regular Pulse surveys highlighted focus areas where change is required. In 2023 **employee engagement and satisfactions levels remained high**, despite the negative impact of a more difficult environment.

Employee 'great place to work' NPS ESG
(%)

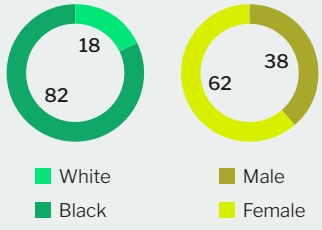


Transformation initiatives such as LGBTQI+ and our women's and disability forums added value through various channels and activities.

We spent R1,2bn on **learning and development** and **continue to invest in talent hot spots** such as wealth management, software engineering, data and quant analysis, as well as risk management.

We continue to make **progress on our diversity profile**, with an increasing focus on **African talent**.

Employee diversity ESG
(%)

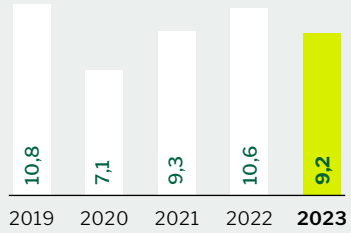


We continue to offer **attractive salaries and benefits**, with an average salary increase of 6,3% in 2023.

To attract and retain key skills in the **war for talent**, our salary bill was 2% higher.

We **supported employees who were financially strained** as a result of economic challenges through temporary support and financial awareness training.

Employee attrition ESG
(Rbn)



Read more about how we created and protected value for our employees on page 82, as well our Human Capital Review in our 2023 Society Report available at nedbankgroup.co.za.

The Nedbank Way

The Nedbank Way describes our required culture and what we need to shift towards achieving our strategic ambitions. It integrates with our purpose, values, People Promise, and leadership framework, serves as an employee value proposition (EVP), describes the workforce experience we strive to create, and is practical and actionable for all our employees.

Our 7 culture principles are the following:



Put purpose into practice

Our purpose connects and unites us. It's how we create value, the 1 constant in a world of change. It focuses our attention and channels our efforts. Our purpose defines how we see our role in society – a catalyst for growth and an unstoppable force for good. We can't be a successful business in an unsuccessful society, and we know that purpose-led business is good business. We make tough decisions to balance short-term profit with long-term value. We have always been the 'green bank' and our commitment to our purpose, people and planet is our key differentiator. We resolutely commit to a green economy and a thriving, vibrant, healthy, and sustainable African future.

Different is good

We intentionally drive diversity, equity, and inclusion in how we engage, design solutions, and care for and connect with our clients and each other. We want all Nedbankers to feel a sense of belonging. We show up as our authentic selves and allow others to do the same. We treat each other with dignity and respect. We value and celebrate diversity. DEI is not just a set of policies or a programme to be implemented; it is part of our DNA. It's how we do things and why we do them. We are allies for the marginalised and the unheard. We stand up for what is right. We create an environment in which all Nedbankers feel safe enough to speak up. And we use our voices when others cannot.

Do the right thing and do things right

We've built a culture that values trust, ethics, and unwavering integrity. We hold ourselves accountable to the highest standards, making sure our actions reflect our intent to be money experts who do good. We do things right. When we navigate the tensions that arise on how and with whom we do business, we protect the trust that has been placed in us and do the right thing for our people, our clients, our stakeholders, and society as a whole.

Client obsession

We deliver value to and through our clients. This is how we put our purpose into practice and achieve commercial success. We are obsessed about our clients; without them, we don't exist. In our clients' eyes, we are Nedbank. We create value, practice care, connect, and build strong, meaningful relationships in every client interaction. We know that nobody cares how much you know until they know how much you care. We keep our promises. We deliver. We delight the client every chance we get. Every client. Every time.



Learn to grow

We are alive to the changing world and a future filled with potential and possibility. To stay ahead, actively shape our future and thrive, we continuously learn, adapt, change, and grow as individuals and as an organisation. We challenge the status quo for good. We question what we are doing, why we are doing it, and how we do it, with a solution-focused mindset. We value curiosity, creativity, critical thinking, and a growth mindset. The future belongs to individuals and organisations willing to push themselves outside of their comfort zones and continually learn, unlearn, and relearn. That's how we grow and stay relevant and effective as Nedbank.

Play to win

We have a hunger for success. We set ambitious goals, taking calculated risks, and push ourselves to achieve. We embrace a willingness to fail and learn from our mistakes. We are proactive, responsive, and execute with speed and agility. We play to win, but not at all costs, especially when it comes to our people and their well-being. How we win makes all the difference. We build resilience and practice human-centred leadership. We invest in our people and create an environment that empowers them to perform and excel. This is what gives us the edge, enabling commercial success and sustainability.

Stronger together

Regardless of how different our roles, our clusters, and our countries are, we are 1st and foremost Nedbankers. We have 1 share price. We win as 1 or we lose as 1. There is power in teamwork. Working together, we can achieve more than we ever could individually. Collaboration and cooperation are at the heart of everything we do. We bridge silos within and across teams, clusters, and countries for the benefit of the organisation as a whole. When it comes down to it, we are #StrongerTogether.

Strategic trade-offs through integrated thinking

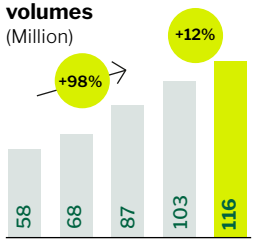
The Nedbank Board and Group Exco continue to make various strategic trade-offs to create and protect value. In doing so, we assess the availability and quality of the group's capitals, balance short-, medium- and long-term outcomes, and consider the impact on various stakeholders. We highlight 4 examples of such trade-offs and the rationale behind our decisions.

Trade-off between traditional and digital banking

With the ongoing increase in digital use of financial solutions (manufactured capital), there is a continuous shift from traditional channels and services that involve employees (human capital) towards more digital products, channels and services (manufactured and intellectual capital) as shown on **page 13**. At the same time, we have seen how automation and increased client adoption of digital solutions have resulted in enhanced client experiences (social and relationship capital) as highlighted on **page 13**. As a result, there is less demand for certain services (eg teller transactions) and direct human interaction has reduced.

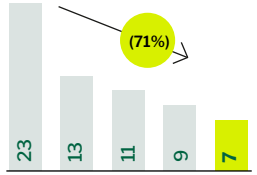
A reduction in the number of employees and employee-dependent activities (such as in-branch services) and outlets (predominantly their size) result in cost savings. These cost savings are partially offset by the impact of ongoing IT investments (financial capital), investment in skills appropriate to compete in a more digital world, and increasing fee pressure as clients migrate to more affordable digital solutions.

Digital transactional volumes
(Million)



VERSUS

Branch teller transactions
(Million)



Capital outcomes in 2023

- **Human capital** (employees) ▼
- **Manufactured capital** (branch floor space) ▼
- **Manufactured capital** (digital solutions) ▲
- **Intellectual capital** (IT skills) ▲
- **Social and relationship capital** (client experiences) ▲
- **Financial capital** (efficiencies) ▲

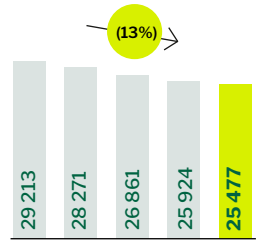
Key business model shift

Client activity is shifting from physical products, services and outlets to digital products, services and channels, requiring us to allocate our resources to support digital growth. In our new Imagine branches, employees are reskilled from service consultants to part-time sales agents. Careful consideration is given to the impact on employee morale and the need for ongoing face-to-face client engagement in certain micro markets.

Transitioning to a workforce of the future

The number of employees (human capital) required for traditional and administrative roles is reducing as we digitise and automate processes. However, by embracing digital innovation (manufactured and intellectual capital), we are investing in the skills required (human and intellectual capital) to compete in a more digital world. As a result, cost pressures have escalated as these skills are scarce and more expensive.

Permanent employees
(Number)



Total branch and office floor space
(000 m²)



High-demand skill hotspots

- Wealth managers
- Software engineers
- Data engineers
- Quant analysts
- Digital marketers
- Systems analysts
- Credit managers
- Compliance officers
- Risk managers
- Business intelligence analysts
- Digital and design experts
- Process engineers

Capital outcomes in 2023

- **Human capital** ▼
- **Manufactured capital** ▼
- **Human capital** ▲
- **Manufactured capital** ▲
- **Financial capital** ▲
- **Intellectual capital** (IT skills) ▲

Key business model shift

Within the context of the world of work, we seek to develop innovative people practices, driving engagement and productivity, as many of our employees are enabled to work remotely and remain competitive in remuneration given the scarcity of key skills. While overall employee numbers have declined, given annual inflation increases and skills mix changes, the group's salaries and wages have not, although corporate real estate has seen some savings.

Strategic trade-offs through integrated thinking continued

Trade-off between ROE and maintaining a strong capital position in a difficult environment

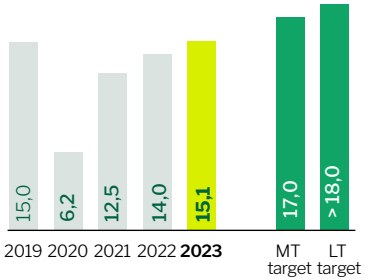
Maintaining a strong balance sheet (financial capital) is an imperative in banking, particularly in an environment that remains volatile and difficult. At such times we believe it is prudent and appropriate to manage capital levels above the board-approved target range as a buffer for unexpected losses, while being in a strong position to support higher levels of organic growth and bolt-on acquisitions. However, too much excess capital through the cycle will adversely impact on ROE (financial capital). Accordingly, capital needs to be appropriately managed through cycles. In this context, our medium-term target is to increase ROE from 15,1% in 2023 to 17,0% in 2025.

In 2023 we successfully completed a R5bn capital optimisation initiative, which reduced our CET1 ratio by 0,7%. The annual run rate benefit of this initiative includes approximate increases of 0,5% in ROE and 4% in HEPS growth, given the cancellation of just over 23 million shares.

How do we think about managing capital?

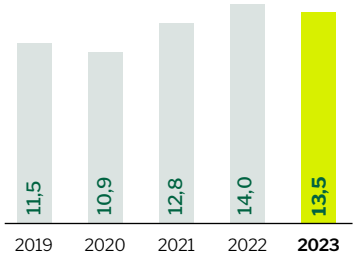
In a volatile and difficult environment, we believe it's prudent to maintain a CET1 ratio above our 11% to 12% target range. To achieve this, we will retain capital for growth and particularly leverage large infrastructure opportunities and our SPT 2.0 growth objectives. In addition, we continue to explore complementary bolt-on acquisitions, should they arise; pay dividends at the top end of the group's payout ratio (57%), subject to board approval; and consider further capital optimisation, if appropriate.

Return on equity
(%)



VERSUS

CET1 capital adequacy ratio
(%)



Capital outcomes in 2023

Financial capital ▲▼

Portfolio tilt towards net zero ESG

We are tilting our portfolio towards areas that create positive impacts, while reducing in areas that do not support our 2050 net-zero target. For example, we are supporting the diversification of SA's electricity supply (natural capital) and the SDGs (natural and societal capital) while reducing negative impacts on the environment (natural capital). Over the long term, this will be financially beneficial (financial capital) for all our stakeholders (social capital).

Capital outcomes in 2023

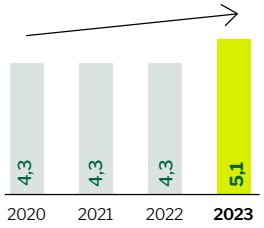
Financial capital ▲
Social capital ▲
Natural capital ▲

Key business model shift

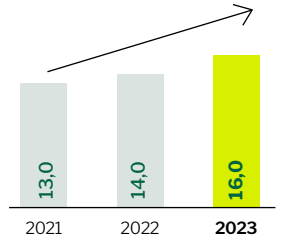
Tilting our lending and financing activities to align with our purpose and the SDGs, as well as reducing our financed and own operational carbon emissions to make a tangible difference to the environment and society.



Total renewable energy limits
(% of gross loans and advances)

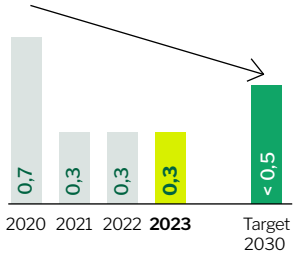


SDG-aligned SDF exposures
(% of gross loans and advances)



VERSUS

Thermal-coal limits
(% of gross loans and advances)



Strategic value unlocks – key performance indicators

Value unlocks	Value drivers	Link to executive remuneration	yoy change	2023	2022	2021	2020	2019	Target 2023	Outlook 2024	Outlook Medium term	Outlook Long term	Assurance
Digital leadership (DX)													
Digitally active clients (% of total active clients)	Growth/ Productivity	GCC	▲	**41**	39	35	30	24	Increase	Increase	> 70	Increase	[MO] [LA1]
Digitally active clients (million)	Growth	GCC	▲	**2,9**	2,6	2,3	2,1	1,8	Increase	Increase	Increase	Increase	
Digital sales (% of total sales)	Growth	GCC	▲	**56**	51	33	28		Increase	Increase	Increase	> 75	[MO] [LA1]
Avo super app – registered clients (million)	Growth	GCC	▲	**2,5**	2,0	0,68	0,15		Increase	Increase	Increase	Increase	[MO]
ESG Managed Evolution completion (%)	Growth/ Productivity	GCC	▲	**95**	91	85	78	70	Materially complete	Complete by end 2024			[MO]
Unlock value from AI and GenAI while strengthening capabilities in data and analytics. Metrics under development as CPTs.													
ESG Core IT system optimisation (# of systems)	Productivity	GCC	▼	**59**	69	78	90	117	Complete	Maintain	Complete	Complete	[MO]
IT software development spend (Rbn) – new metric in 2023	Growth (new)	GCC	—	**1,3**	1,3	1,6	1,9	2,1	1,6	Around 1,6	Around 1,6		[FS]
ESG Intangible software assets (Rbn)	Productivity	GCC	▼	**7,9**	8,3	8,9	9,0	8,3	Decline	Decline	Decline	Decline	[FS]
Use of cloud computing (%)	Productivity	GCC	▲	**45**	24	ND	ND	ND	Increase	Increase	Almost double from 2023 levels	Increase	[FS]
Market-leading client experiences (CX)													
ESG Brand value ranking in SA	Growth	GCC	▼	**8**	9	8	8	10	Improve	Improve ranking	Improve ranking	Improve ranking	[IN – Brand finance]
ESG Consumer NPS ranking	Growth	CPT	▶	**1**	1	2	2	3	#1 SA bank	#1 SA bank	#1 SA bank	#1 SA bank	[IN - Kantar; 2021–2019: Consulta]
Number of NAR subsidiary #1 NPS rankings – new metric in 2023	Growth (new)	GCC		**2**	ND	ND	ND	ND	ND	Maintain/ Increase	Increase	Increase	[FS]
Nedbank Money app average rating (out of 5)	Growth	GCC	▲	**4,3**	4,1	4,4	4,4	4,4	Maintain top rating	Maintain top rating	Maintain top rating	Maintain top rating	[IN – iOS and Android app stores]
Nedbank Private Wealth app average rating (out of 5)	Growth	GCC	—	**4,6**	4,7	4,6	4,5	4,6					[IN – iOS and Android app stores]
ESG System availability (%)	Productivity	GCC	▲	**99,5**	99,3	99,3	99,6	99,1	> 99,1	> 99,1	> 99,1	> 99,1	[LA1]

Assurance indicators

- **LA** External limited assurance on selected sustainability information [LA1] and the application of the Amended FSC and the group's BBBEE status [LA2]. Related opinions are available at nedbankgroup.co.za.
- **MO** Management and board oversight through rigorous internal reporting governed by the group's ERMF.
- **IN** Information sourced from external sources, eg independent surveys.
- **OV** Independent oversight by regulatory bodies, including SARB, FSCA and various financial-sector ombudsman offices.
- **FS** Financial information extracted from the 2023 Nedbank Group Limited Audited Annual Financial Statements.

Strategic value unlocks – key performance indicators continued

Value unlocks	Value drivers	Link to executive remuneration	yoy change	2023	2022	2021	2020	2019	Target 2023	Outlook 2024	Outlook Medium term	Outlook Long term	Assurance
Focusing on areas that create value (SPT)													
Main-banked retail clients (million)	Growth	CPT	▲	**3,53**	3,20	3,10	2,90	3,00	Increase	> 4	> 4	> 4	[MO] [LA1]
Retail cross-sell (times)	Growth	GCC	▲	**1,96**	1,94	1,86	1,78	1,71	Increase	Increase	Increase	Increase	[MO]
CIB primary client wins (number)	Growth	GCC	▼	**20**	25	35	37	32	> 25	> 20	> 20	> 20	[MO] [LA1]
Wholesale term loans market share (%)	Growth	CPT	▲	**16,4**	15,5	16,8	18,1	19,1	Increase			Increase	[IN – SARB BA900]
Home loans market share	Growth	CPT	▲	**14,4**	14,1	14,2	14,4	14,4	Increase	Increase	Increase	> 18	[IN – SARB BA900]
Household transactional deposit market share (%)	Growth	CPT	▲	**14,6**	13,9	13,5	15,0	16,0	Increase	Increase	Increase	> 18	[IN – SARB BA900]
Commercial transactional deposits market share, excluding tax and loans and wholesale FX (%)	Growth	CPT	▼	**12,2**	12,0	12,8	12,8	12,8	Increase	Increase	Increase	> 18	[IN – SARB BA900]
Insurance gross written premium (Rbn)	Growth (new)	GCC	▲	**3,7**	3,5	3,5	3,4	3,4	New	Increase	Up by > 50%	Increase	[FS]
CET1 (%)	Risk and capital management	GCC	▼	**13,5**	14,0	12,8	10,9	11,5	Above board target	11–12	Above board target	12 November	[FS]
CLR (bps)	Risk and capital management	GCC	▲	**109**	89	83	161	79	80–100	80–100	60–100	60–100	[FS]
Driving efficient execution (TOM)													
Branch floor space (000 m²)	Productivity	GCC	▼	**137**	164	182	190	204	Reduce	Reduce	Reduce	Optimise	[MO]
Corporate real estate floor space (000 m²)	Productivity	GCC	▼	**203**	238	265	313	328	Reduce	< 200	< 200	Optimise	[MO]
Cost-to-income ratio (%)	Productivity	CPT and GCC	▼	**53,9**	56,5	57,7	58,1	56,6	< 54	Increase on 2023	< 52	< 50	[MO] [FS]
TOM 2.0 benefits (Rbn)	Productivity	GCC	▲	**2,2**	1,5	0,98	Launched in 2021	n/a	2,5	2,5	Run-rate benefits	New TOM 2.1 benefits	[MO]
Creating positive impacts (purpose and ESG)													
ESG Renewable energy lending (Rbn) – exposure	Growth	GCC	▲	**29,9**	27,3	29,6	32,3	26,1	Increase	Increase	Increase strongly for the medium and long term		[MO] [FS]
Renewable energy lending (Rbn) – limits	Growth	GCC	▲	**46,0**	37,2	36,5	37,2	36,7	Increase	Increase			[MO] [FS]
ESG Sustainable development financing (Rbn, % of loans)		CPT	▲	**146 (16)**	123 (14)	108 (13)	Not disclosed	Not disclosed	Increase	Increase	20% of gross loans	Increase well beyond 20%	[MO] [FS]
ESG Thermal-coal funding (% of total advances)	Risk and capital management	GCC	▼	**0,3**	0,30	0,30	0,70	0,70	< 1	< 0,5	< 0,5	< 0,5	[MO] [FS] [LA1]
ESG Thermal-coal-financed emissions (tCO_2e)	New	CPT	▼	**5 518 330**	8 027 060	ND	ND	ND				Reduce by 47% by 2030	
ESG Oil- and gas-financed emissions (tCO_2e)	New	CPT	▼	**2 946 570**	3 092 810	ND	ND	ND				Reduce by 26% by 2030	
ESG Own operational carbon emissions (tCO_2e)	New	CPT	▼	**113 339**	128 149	123 847	137 540	188 443		Decline	Reduce by 40% from 2019 levels by 2025	Decline	[LA1]
ESG BBBEE contributor status (level)	Growth	GCC	—	**1**	1	1	1	1	1	Level 1 – subject to any FSC amendments			[MO] [OV]

Assurance indicators

- **LA** External limited assurance on selected sustainability information [LA1] and the application of the Amended FSC and the group's BBBEE status [LA2]. Related opinions are available at nedbankgroup.co.za.
- **MO** Management and board oversight through rigorous internal reporting governed by the group's ERMF.
- **IN** Information sourced from external sources, eg independent surveys.
- **OV** Independent oversight by regulatory bodies, including SARB, FSCA and various financial-sector ombudsman offices.
- **FS** Financial information extracted from the 2023 Nedbank Group Limited Audited Annual Financial Statements.



Delivering, measuring and rewarding value creation

Assessment of value creation, protection, and erosion for stakeholders in 2023 and how remuneration outcomes are aligned with our performance.

A strong financial performance in 2023 supported value creation for all stakeholders, including employee salaries and benefits of R21,1bn, new client loan payouts of R332bn, a 15% increase in the full-year dividend per share to shareholders, paid cash tax of R13,2bn to support the sovereigns in which we operate, and SDF exposures of R145bn to support our clients, society and the environment.

Reflections from our Chief Financial Officer



> The group delivered a strong financial performance in 2023, with HE up by 11%, driven by strong revenue growth and expense discipline, partially offset by higher impairments. DHEPS increased by 14% as the R5bn capital optimisation initiative we executed this year resulted in the cancellation of just over 23 million shares.

Mike Davis, Chief Financial Officer

Mike discusses the group's financial performance at our 2023 results presentation.



Opposing impacts from a difficult operating environment and good strategic delivery

The environment in which we achieved this strong financial performance in 2023 is very important. As highlighted on **page 42**, the operating environment in 2023 has been challenging, but we've made good progress in implementing our strategy as shown on **pages 55 to 67**. These factors had opposing impacts on the group's financial performance.

GDP growth was muted, inflation elevated, interest rates continued to increase, business confidence was low, electricity constraints impacted businesses and consumers, global conflicts created volatility in markets, the rand weakened, and competition for good quality assets remained fierce.

From a strategy perspective, we continued to unlock revenue and cost benefits from our world-class technology platform and gained markets share in areas such as term loans, home loans and retail deposits, while more work is required to gain share in household and commercial transactional deposits. We gained more main-banked clients, improved cross-sell and continued to support SDF, which grew faster than average loans and advances.

Operating environment				Strategic delivery	
SA GDP growth	X	Global conflicts	X	Technology/Digital	✓
SA inflation	X ✓	Global and local markets	X	Efficient execution	✓
SA prime interest rate	✓ X	Currency impacts	X	Market share gains	—
Business confidence	X	Regulation	—	Cross-sell and main-banked client gains	✓
Electricity constraints	X	Competition	X	Creating positive impacts	✓

✓ Positive X Negative — No material impact in 2023

Reflections from our Chief Financial Officer continued

Value creation for shareholders

The underlying drivers of value creation for our shareholders remained strong.

- ROE improved to 15,1%, above our estimated cost of equity of 14,8% and above our 2023 target of 15%.
- NAV per share increased by 8%, despite the R5bn capital optimisation initiative that we executed largely during H1 of 2023.
- Total dividends per share increased by 15% and the final dividend was up by 18%.

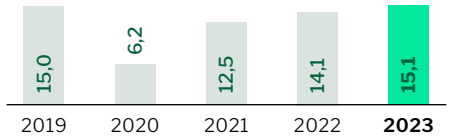
As we progress towards our medium-term targets, discussed in more detail on **page 55**, we would expect our price-to-book ratio to improve from the 0,9 times at the end of December 2023, closer to 1,3 times.

Strong balance sheet metrics

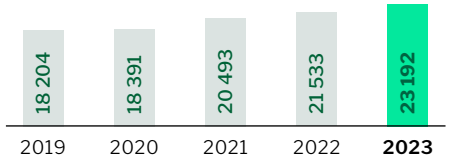
During volatile and difficult times, it is imperative to maintain a strong balance sheet, while providing a good foundation for growth when the environment improves. In 2023 we retained a fortress balance sheet evidenced in our capital, liquidity and coverage ratios.

- **Capital** – CET1 and tier 1 capital ratios of 13,5% and 15,0% were well above the SARB minimum requirements and the group's board-approved target ranges. These ratios include the R5bn capital optimisation initiative, which impacted the CET1 capital ratio by 70 bps.
- **Liquidity** – The average liquidity coverage ratio (LCR) of 135% for Q4 2023 and the net stable funding ratio (NSFR) of 117% were both well above the 100% regulatory minimum.
- **Coverage** – Our total expected credit loss (ECL) coverage ended 2023 at a multi-year high of 3,62%, highlighting prudent levels of provisioning.

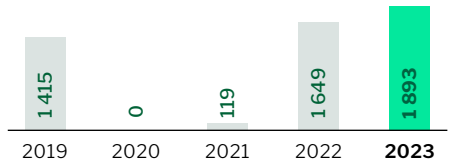
Return on equity (%) — Return on shareholders' capital



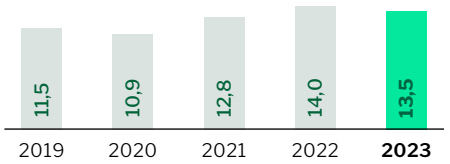
NAV per share (Cents) — Book value of Nedbank Group



Dividend per share (Cents) — Dividends paid to shareholders



CET1 ratio (%) — Indication of the strength of our balance sheet based on our own capital



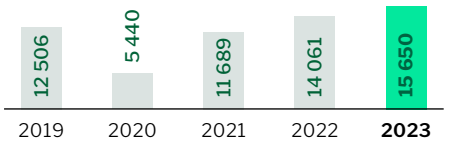
Key drivers of our strong financial performance

Headline earnings increased by 11% to R15,7bn.

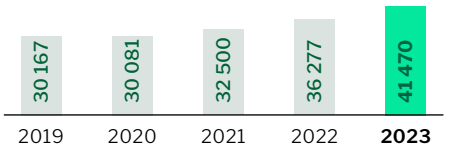
Headline earnings
▲ 11%
R15,7bn

- Revenue growth of 12% was driven primarily by the following:
  - » Net interest income (NII) that increased by 14%, driven by 7% growth in average interest earning banking assets (AIEBA) and a 28 bps increase in the net interest margin (NIM).
  - » Non-interest income and revenue (NIR) that increased by 6%, driven by solid growth in commission and fees, the benefits of fair-value gains, and foreign currency gains in Zimbabwe on US dollar capital.
  - » Associate income that increased by 64%, driven by a strong recovery in associate income relating to our 21% shareholding in ETI.
- The impairment charge increased by 30%, with the group's CLR increasing to 109 bps driven by 3% growth in gross banking loans and advances, higher impairments across product portfolios, particularly in the consumer segment in RBB, and providing for clients in CIB who went into business rescue.
- Expenses increased by 8% as a result of higher salary-related costs and incentives, higher fees linked to revenue growth, and ongoing investment in technology and digital solutions, partially offset by ongoing TOM 2.0 cost savings.

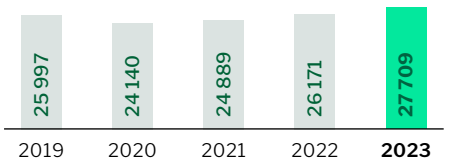
Headline earnings (Rm) — Profits we generate



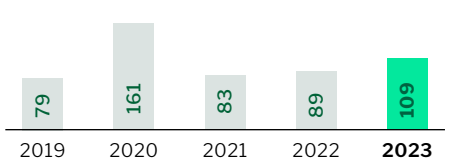
NII (Rm) — Difference between interest paid to depositors and interest received from borrowers



NIR (Rm) — Revenue from providing banking services, trading, insurance, etc



CLR (Bps) — Bad-debt charge on the loans we provided



Reflections from our Chief Financial Officer continued

Statement of comprehensive income

Rm	Change %	2023	2022 (Restated)[1]
Net interest income	14	**41 470**	36 277
Non-interest income and revenue[1]	6	**27 709**	26 171
Share of gains of associate companies	64	**1 443**	879
Total income[1]	12	**70 622**	63 327
Impairments charge on financial instruments	30	**(9 605)**	(7 381)
Net income[1]	9	**61 017**	55 946
Total operating expenses[1]	8	**(38 059)**	(35 329)
Indirect taxation[1]	2	**(1 129)**	(1 102)
Headline profit before direct taxation[1]	12	**21 829**	19 515
Direct taxation[1]	4	**(4 484)**	(4 311)
Non-controlling interest	48	**(1 695)**	(1 143)
Headline earnings[1]	11	**15 650**	14 061
Diluted headline earnings per share (cents)	14	**3 199**	2 809
Dividend declared per share (cents)	15	**1 893**	1 649
Dividend cover (times)		**1,75**	1,75

[1] *Restated for IFRS 17 and reclassification of card-related selling costs.*

Net interest income

Key drivers: NII increased by 14%, supported by 7% growth in AIEBA and an increase in the group's NIM to an all-time high. The increase in AIEBA was driven by 8% growth in average CIB banking loans and advances and 7% growth in average RBB banking loans and advances, negative deposit spreads on savings and investment products, and negative asset pricing due to increased competition for good quality assets. NIM increased by 28 bps to 4,21%, driven primarily by a positive endowment impact due to higher interest rates, partially offset by a negative asset mix impact due to slower growth in high-yielding assets and negative liability and asset pricing largely due to increased levels of competition.

Non-interest revenue

Key drivers: NIR increased by 6%, underpinned by solid growth in commission and fees, the benefits of fair-value gains, and foreign currency gains in Zimbabwe on US dollar capital. Trading revenue growth remained muted, while overall NIR growth was impacted by lower insurance income and equity investment income off a high base.

Associate income

Key drivers: Associate income increased by 64%, driven by a strong recovery in associate income relating to the group's 21% shareholding in ETI and the reversal of the R175m estimate that Nedbank provided for in terms of its share of the impact of the Ghanaian sovereign domestic debt restructure programme on associate income in its 2022 results.

Impairments charge on loans and advances

Key drivers: Impairments increased by 30%, largely as a result of the impact of a more difficult macroeconomic environment on consumers. The group's CLR of 109 bps (2022: 89 bps) remained above its TTC target range of 60 bps to 100 bps. The yoy increase in the CLR reflects the impacts of higher-than-expected interest rates, higher levels of inflation (mainly in food and energy), and higher levels of load-shedding, all of which had an adverse impact on our clients, particularly in the consumer segment in RBB.

Total operating expenses

Key drivers: The increase of 8% in expenses reflects the impacts of higher salary-related costs, higher fees linked to revenue growth, and ongoing investment in technology and digital solutions.

Dividends

Key drivers: A strong capital and liquidity position at 31 December 2023 supported the declaration of a final dividend that increased by 18%, bringing the increase in dividends per share for the year to 15%, both at a payout ratio of 57%.

2024 outlook (at 7 March 2024)

NII growth above mid-single digits

NIM is expected to reduce slightly, while growth in average banking loans and advances is likely to be stronger in H2 2024 as lower interest rates and inflation start benefiting retail credit growth and wholesale clients start drawing down on existing facilities (including renewable energy deals).

NIR growth above mid-single digits

Growth supported by higher levels of cross-sell, main-banked client gains, new revenue streams in RBB, ongoing deal flow in CIB, and insurance improving off a low 2023 base. Trading and equity investment income are expected to improve but remains exposed to macro risks. Fair-value gains and foreign exchange gains in Zimbabwe create high base effects.

Associate income is likely to continue showing good underlying growth from ETI, although the base effect of the Ghanaian sovereign bond provision release in 2023 will create headwinds to growth in 2024.

CLR declines and returns to within the top half of the TTC target range

While upside risks remain given macroeconomic challenges, progress in consumer collections in RBB remains steady and risks around several stage 3 loans in CIB have been resolved in 2023.

Expenses growth around mid-to-upper single digits

The guidance reflects a continued focus on managing costs well in a more difficult environment, while absorbing new regulatory costs such as deposit insurance.

Dividend payments, subject to board approval, at the top end of our payout ratio of 57% (ie bottom end of the group's target range of 1,75 times to 2,25 times).

Reflections from our Chief Financial Officer continued

Financial position

Rm	Change %	2023	2022 (Restated)[1]
Cash and securities	14	**324 380**	285 875
Loans and advances	1	**891 619**	882 165
Other assets[1]	12	**95 409**	84 864
Total assets	5	**1 311 408**	1 252 904
Total equity attributable to ordinary equity holders[1]	3	**107 749**	104 976
Non-controlling interest	5	**11 462**	10 968
Amounts owed to depositors	5	**1 087 645**	1 039 622
Provisions and other liabilities[1]	25	**56 775**	45 435
Long-term debt instruments	(8)	**47 777**	51 903
	5	**1 311 408**	1 252 904
Assets under management	14	**448 467**	393 064
Key ratios (%)			
Return on equity[1]		**15,1**	14,1
Return on assets		**1,21**	1,14
NIM		**4,21**	3,93
CLR		**1,09**	0,89
Cost-to-income ratio[1]		**53,9**	55,8
CET 1 ratio		**13,5**	14,0

[1] *Refer to note A4: Restatements in the group's audited consolidated and separate annual financial statements for the year ended 31 December 2023.*

Banking loans and advances

Key drivers: Gross banking loans and advances increased by 3%. This growth was lower than the 7% growth in average banking loans and advances, primarily as a result of strong growth in CIB in the prior year, while actual 2023 growth was impacted by higher levels of client repayments and reduced placements with foreign correspondent banks in CIB.

Amounts owed to depositors

Key drivers: Deposits increased by 5%. Many clients termed out short-term cash into longer-term deposits due to the favourable interest rate environment. As a result, savings accounts, short-dated foreign currency liabilities and cash management deposits decreased, while term and fixed deposits increased.

Liquidity and funding

We remain well funded, with a strong liquidity position, underpinned by a significant quantum of long-term funding through client term and fixed deposits, money market instruments and instruments issued in the capital markets; an appropriately sized surplus liquid asset buffer designed to absorb seasonal, cyclical and systemic volatility; a strong loan-to-deposit ratio; and low reliance on interbank and foreign currency funding.

CET1 ratio

Key drivers: The change in the CET1 ratio reflects the impact of strong capital generation, including 2023 profits, the R5bn capital optimisation initiative, the payment of the 2022 final dividend and 2023 interim dividend, and an increase in risk-weighted assets (RWA), mainly due to movements in credit, market and operational risk.

2024 outlook (at 7 March 2024)

Banking loans and advances growth at mid to upper single digits

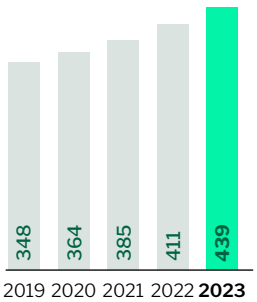
Growth will be supported by our SPT 2.0 Strategy, solid growth in RBB and a strong pipeline strategy in CIB.

Deposit growth ahead of loan growth

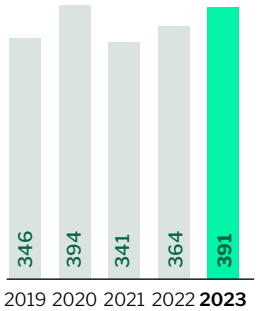
Growth will be supported by our ongoing focus on growing deposit market share (SPT 2.0).

Our CET1 capital ratio is to remain above the top end of the board-approved target range of 11% to 12%.

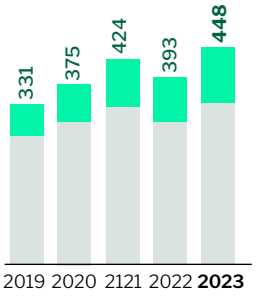
RBB gross banking advances
(Rbn)



CIB gross banking advances
(Rbn)



Assets under management
(Rbn)



Case in point

Our approach to managing interest rate risk

At Nedbank we adopt a strategy of hedging all fixed-rate assets and liabilities back to the short end, resulting in both sides of our balance sheet (assets and liabilities) effectively floating or repricing in the overnight-to-3-month bucket for changes in interest rates. This ensures that the economic value of equity remains intact when interest rates change, thereby protecting the group's NAV. Post hedging, Nedbank's residual NII sensitivity is therefore attributable to endowment sensitivity relating to non-rate-sensitive transactional deposits and equity, net of working capital, as these funds are deployed into interest-rate-sensitive assets. As a result, as interest rates rise, Nedbank earns higher endowment income on these balances and, conversely, lower endowment income as rates fall.

This strategy ensures we have a deliberate relationship between residual income from interest rate and impairment sensitivity, where in an increasing interest rate cycle, increases in endowment income provides a net income hedge against higher impairments. Conversely, in a decreasing interest rate cycle, lower impairments provide a net income hedge against lower endowment income.

Assuming Nedbank hedged its endowment position (ie entered into a fixed rate of return), it would no longer have a floating rate endowment income stream against impairment sensitivity through different interest rate cycles. Embarking on a strategy of purposely undoing this hedge would require one to have very high levels of certainty regarding the future trajectory of interest rates and would be akin to taking a trading position on interest rates, which may in hindsight prove to be incorrect.

Reflections from our Chief Financial Officer continued

Medium- and long-term ROE targets

Our medium- and long-term targets (**page 55**), disclosed for the 1st time at the start of 2022, were based on the macroeconomic assumptions we set in February 2022 and ongoing delivery on our strategic initiatives as key enablers as discussed on **pages 55 to 67**. Since then, the environment has become more difficult, yet strategic execution has been effective. While reaching our 2023 targets was an important milestone for Nedbank, we know that more needs to be done to continue increasing our ROE towards 17% (by 2025) and to 18% or more in the long term. Achieving them will support an increase in our price-to-book ratio to create shareholder value.

Our equity story – the path to 17% ROE

(%)



To achieve a 17% ROE by 2025, it is expected that revenue will grow ahead of expenses in 2025, driving a lower cost-to-income ratio, and that the group's CLR will return towards the middle of the target range while we continue to actively manage our capital base. We expect the following:

1. **Solid NII growth,** supported by good advances growth, including unlocking renewable energy and other infrastructure opportunities in CIB, delivering on our SPT 2.0 objectives across deposits and advances, and supporting SDF in line with our ambitions. NIM is expected to decline slightly, primarily because of a change in the assets mix. Endowment income contribution will remain elevated in 2024 but decline slightly in 2025 as the South African average prime interest rate is expected to remain at similar levels in 2024 and decline to only 10,6% in 2025 from 11,4% in 2023.
2. The **CLR will return to within the group's TTC target range** in 2024 of 60 bps to 100 bps, and closer to 80 bps in 2025. Illustratively, a CLR decline from 109 bps (2023) to 80 bps (mid-point of the target range) on R885bn loans and advances equates to a R2,6bn decline in the pre-tax impairment charge or R1,9bn additional HE.
3. **Strong NIR growth,** driven by ongoing main-banked client gains, higher levels of cross-sell, good deal flow linked to advances growth in CIB, the unlock of the large insurance income opportunity across our retail client base, and ongoing strong associate income growth from our investment in ETI.
4. **Expense optimisation** remains top of mind, with a focus on delivering the remaining TOM 2.0 initiatives and identifying new TOM 2.1 benefits. The group IT amortisation charge is expected to decline further as our ME technology investment completes by the end of 2024.
5. The run rate benefits of the R5bn capital optimisation initiative will continue into 2024 and 2025, while our **active approach to capital management,** as discussed on **page 54** (trade-offs), will support dividend payouts at the top end of the group's payout ratio (57%), subject to board approval, and further capital optimisation will be considered, if appropriate.

Reflections from our Chief Financial Officer continued

Audit firm rotation

In Q4 of 2023 KPMG was appointed as a joint external auditor of Nedbank and Nedbank Group for the financial year ending 31 December 2024, following a comprehensive tender process. Deloitte & Touche will rotate off the companies' audits on conclusion of its external audit responsibilities for the year ending 31 December 2023, expected to happen at the conclusion of the relevant AGMs. KPMG will provide its services alongside Ernst & Young, who has been nominated to remain the joint external auditor of the companies, subject to shareholder approval at the AGMs.

CE and CFO internal financial control responsibility

Nedbank continues to maintain a strong risk culture and has implemented adequate and effective internal financial controls to confirm the integrity and reliability of the bank and group financial statements. These controls safeguard, verify and maintain accountability of our assets, are based on established policies and procedures, and implemented by trained and skilled employees whose duties are duly segregated. As a result, Mike Brown (CE) and I (Mike Davis) as CFO have made the appropriate attestation required by the JSE.

Appreciation

I would like to express my heartfelt gratitude to my colleagues on the board and Group Exco for your unwavering support and guidance during yet another challenging year. A special thank you to the diligent and committed finance, risk, balance sheet management, and strategy teams across the group for finalising our 2023 reporting and ensuring that we uphold our high standards and professionalism, as demonstrated by the various reporting awards that Nedbank received in 2023. I am also grateful to all our shareholders and the wider investment community, both locally and internationally, for your ongoing investment and interest in Nedbank Group, and I look forward to further engagements in 2024.

A special word of appreciation to Mike Brown, with whom I've worked closely over the years in his roles as both CFO and CE. I would like to recognise Mike's significant contribution to the Nedbank Group, the financial industry and country as a whole. I wish Mike all the best on his journey from here.

I welcome our CE-designate, Jason Quinn, who I know through our CFO roles and the finance community, and I look forward to working with him as we take Nedbank forward, focusing on the delivery of our ambitious targets as we continue to create value for all our stakeholders.

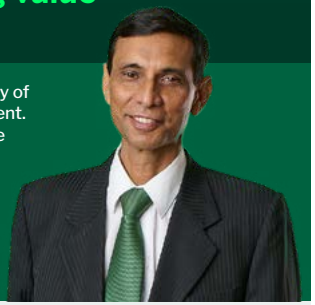
Mike Davis
Chief Financial Officer

Board oversight – ensuring and protecting value

Group Audit Committee (GAC)

'The GAC oversaw the strengthening of Nedbank's balance sheet and the delivery of a strong financial performance in 2023, despite the difficult operating environment. The GAC continued to focus on enhancing the integrity of financial and corporate reporting through proactive identification and resolution of audit and technical matters, enhanced financial reporting controls review of financial results, the internal financial control environment, the integrated reporting process. In addition the GAC continued to oversee the audit firm rotation process.'

Stanley Subramoney, Chairperson



Ensuring and protecting value in 2023

- Recommended to shareholders the appointment of KPMG in a shadow capacity for the year ending 31 December 2023 to shareholders.
- Nominated Deloitte & Touche and Ernst & Young Inc as the external auditors for Nedbank Limited and Nedbank Group Limited for the year ending 31 December 2023. The appointment of KPMG, in a shadow capacity, resulted in improved voting outcomes for the auditor appointment at the 2023 annual general meeting.
- Considered the control deficiencies identified via the group's 3 lines of defence (1st line via cluster finance and risk functions, 2nd line via Group Finance and Group Risk and 3rd line via GIA), as well as the appropriateness of management's response, including remediation, reliance on compensating controls and additional review procedures.
- Approved the external auditors' 2023 annual plan and related scope of work, confirming suitable reliance on GIA and the appropriateness of key audit risks identified.
- Reviewed findings and recommendations of the external auditors and confirmed that there were no material unresolved findings.
- Reviewed the 2023 audited annual financial statements and related disclosures and recommended them to the board for approval.
- Ensured that GIA performs an independent assurance function and monitored the effectiveness of the GIA function in terms of its scope, execution of its plan, coverage, independence, skills, staffing, overall performance and position within the organisation.

Focus for 2024 and beyond

- Continue to focus on ensuring that the group's financial systems, processes and internal financial controls are operating effectively.
- Ensure a smooth transition for KPMG to ensure minimal disruptions to the 2024 year-end audit process.
- Ensure that there is meaningful engagement, through the College of Audit Committee Chairs, between the GAC chairperson and the chairpersons of subsidiary audit committees.
- Monitor the implementation of the JSE Listings Requirements, including the effectiveness of internal financial controls.
- Monitor audit firm rotation at a subsidiary level.
- Oversee the assessment of the impact of implementing the new accounting standard dealing with presentation and disclosure in financial statements (IFRS 18), once the final version of the new standard is published.

Stakeholders

Regulators | Shareholders

Top 10 risks

1 Business | 2 Credit | 4 People | 7 Operational | 10 Capital

A comprehensive GAC Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.

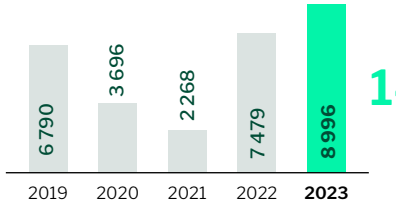
Value for stakeholders

Our solid financial performance in 2023 enabled us to create value for employees (remuneration), clients (investments in the Nedbank franchise to enhance client experiences), shareholders (dividends), regulators (tax paid) and society (socioeconomic spend) as well as retain profits to support future growth. The value we added, as shown in the graphs, increased across all categories.

Net interest income **R41 470m** − **Impairment losses on loans and advances** **(R9 605m)** + **Other income[1]** **R28 755m** = **Value added** **R60 620m**

How value added is allocated **R60 620m**

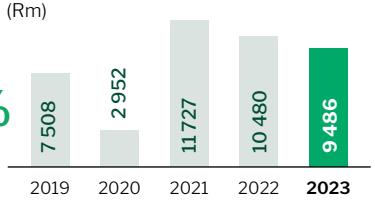
Dividends paid to shareholders[2]
(Rm)



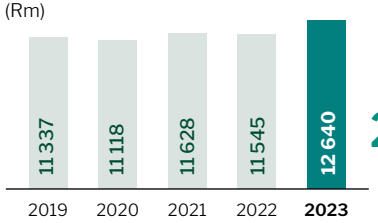
14,8%

Retention for growth
(Rm)

15,6%



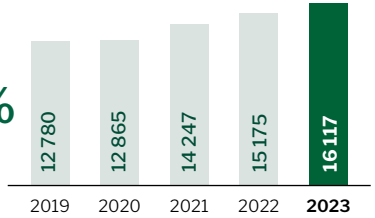
Other expenditure[3]
(Rm)



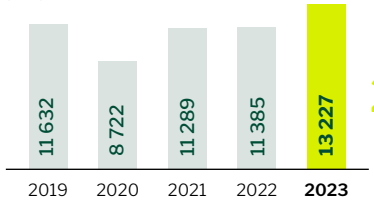
20,9%

Payments to employees
(Rm)

26,6%



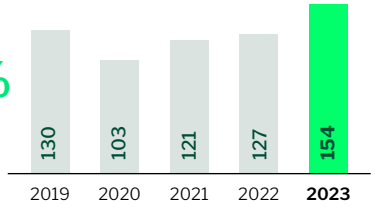
Government (taxes)[4]
(Rm)



21,8%

Socioeconomic development spend
(Rm)

0,3%



[1] *Includes non-interest income, impairments charge on non-financial instruments and sundry gains or losses items, and share of profits of associate companies.*
[2] *Value is allocated to shareholders in respect of cash dividends (excluding the underlying value of capitalisation shares awarded) and income attributable to non-controlling shareholders.*
[3] *Includes expenses relating to computer processing, communication and travel, occupation and accommodation, marketing and public relations, as well as fees and insurances.*
[4] *Includes direct and indirect tax, payroll tax, dividends withholding tax, and other taxes.*

Value for stakeholders continued

2019 2020 2021 2022 2023

Employees – Investing in our employees

Quality of relationship:

Falling short | Performing | Excelling

Value creation, preservation and erosion in 2023

Value creation | Value preservation | Value erosion

- Employee engagement and satisfaction levels remained high as evident in our 2023 'great place to work' employee NPS of 20 (2022: 22), the 2nd-highest since inception of our employee Pulse surveys.
- We paid employee salaries and benefits of R21,1bn (2022: R19,9bn) and concluded annual salary increases with our bargaining-unit employees at 7%, ahead of non-bargaining-unit employee increases of between 5% and 6%. In 2024 bargaining-unit increases have been concluded at similar levels and non-bargaining-unit employees at 5%.
- Our hybrid work model saw 67% of our employees work in some hybrid fashion. This promotes flexibility and allows employees to return to the workplace in an integrated and natural manner, while it has become an attractive value proposition for new hires.
- We continued to focus on DEI as a key imperative to ensure that Nedbank remains relevant in a transforming society. We remain strongly representative of a diverse talent complement, with 82% of total employees being black African, Coloured or Indian (ACI), improving from 81% in 2022, while we continue to record improvements in ACI employee representation at senior- and middle-management levels. Total female employee representation remained at 62%.
- Skills development spend in 2023 increased to R1 169m (2022: R939m), and employees were encouraged to use the Flow Time Wednesday afternoons for upskilling and online learning as we increase the learning culture within the organisation.
- We maintained our focus on the physical, mental, and financial well-being of our employees by continuing to provide well-being solutions and interventions. In light of a more difficult environment, Nedbank increased its support to employees through various financial education awareness programmes and financial support initiatives. Our 2023 employee survey indicated that employees are confident that Nedbank cares about their well-being, with a favourable score of 70% (similar to the March 2022 survey result).
- Employee attrition improved to 9,2% from 10,6% in 2022 and remained below the industry benchmark of 11% to 13%.
- Our Agility Centre successfully redeployed 421 employees into alternative roles within Nedbank, while 75 employees have regrettably been retrenched because of necessary operational changes (2022: 63). A key focus has been on reskilling and upskilling to enable employees to transition into internal or external roles.

Case in point

Strategic partnerships with learning institutions

Our partnership with the University of Johannesburg was established to deepen our skills and insights, specifically the areas of digital and alternative energy. Upskilling and reskilling initiatives have reached approximately 2 000 employees through short-learning programmes, masterclasses, webinars, formal programmes, cocreated programmes, and professors lecturing in our internal programmes and academies.

Our engagement with the relevant faculties and thought leaders brings real-time learning on demand, discussing top-of-mind topics such as data-driven innovation, cybersecurity, big data analytics, 4th Industrial Revolution for professionals in business, machine learning, and predictive analysis for business decisions.

In addition, we have been able to source talent from within this environment and offer bursaries to students. We have also reached out to other universities in SA to build wider institutional capability to attract and develop talent and research capabilities in the regions where we operate.

External recognition

ESG Africa conference
Largest contributor to the YES Programme (among South African banks)

2023 UNWEP Gender Mainstream Awards
UN Women's Empowerment Principles Gender Responsive Marketplace Award (winner)

Case in point

Internal talent mobility

Nedbank is not just a great place to work, but also a great place to grow. We pride ourselves in fostering an environment where career growth and advancement are actively supported. Our talent mobility practice provides employees with opportunities for career advancement, skills development and personal growth in different areas of the organisation, while ensuring that we have sustainable access to the right talent and skills at the right time to meet our rapidly evolving business needs.

In 2023, 4 761 employees transitioned to roles of similar level in different areas of the business (lateral growth) and higher-level roles (vertical growth) within the organisation. This resulted in an internal talent mobility rate of 21%, which exceeded the annual target of 20%. Aligned with our commitment to DEI, black (ACI) employees accounted for 86% of these opportunities and female employees made up 65% of internal mobility candidates.

A priority in the short- to medium-term is leveraging the power of AI, data and technology to enable an internal talent marketplace that effectively deploys and develops our existing workforce. Our focus on talent mobility allows us to be more responsive to business requirements, while retaining our top talent by meeting their career aspirations.

Value for stakeholders continued

2019 2020 2021 2022 2023

Clients – delivering market-leading client experiences

Quality of relationship:

Falling short | Performing | Excelling

Value creation, preservation and erosion in 2023

Value creation | Value preservation | Value erosion

- Client satisfaction levels remained at market-leading levels, evident in the following metrics:
  - #1 in NPS among large South African banks for 2 years in a row (from #3 in 2019) as measured by the Kantar NPS survey.
  - #1 among South African banks in social-media net sentiment as measured by Brandwatch.
  - #1 in NPS in Eswatini and Mozambique and leading in brand sentiment in Lesotho and Zimbabwe.
  - In recognition of the value-add to our clients and our leadership position in key industries, segments and products, we won various awards, as shown below.
- Our clients' access to banking improved as they continue to shift to digital channels, specifically our apps, where iOs and Android app stores' ratings remain high. Digitally active retail users increased by 11% to 2,9 million (up by 62% since 2019). During the year we increased the number of Imagine branches, being more digital and sales- and advice-focused, to 386 (71% of total branches from 39% in 2022).
- We supported clients by advancing R332bn (2022: R341bn) in new loans to enable them to finance their homes, vehicles and education, as well as grow their businesses in support of the UN SDGs.
- Nedgroup Investments saw an increase in client AUM of 14% to R448bn. The business is ranked the 3rd-largest offshore manager for the 6th year in a row, is the 6th-largest South African manager according to Q4 2023 ASISA stats and won the award for Best South African Multi-Asset Medium Equity Fund at the 2023 Raging Bull Awards.
- We safeguarded R1,1tn of deposits at competitive rates, reflecting in our market share gains in retail deposits.
- Average bank fee increases were retained below inflation and the launch of our MiGoals product suite assisted Nedbank's favourable ranking among peers as highlighted in the case in point.
- We received 70 860 client complaints in 2023 (2022: 87 239), representing only 1% of our total client base.

Case in point

Assisting clients during difficult times

To support our clients during difficult times, we offer tailored payment plans to help address their financial distress and normalise their payment obligations. While being mindful of all regulatory requirements, we strive to help clients who have temporarily fallen behind on loans keep their homes or vehicles by providing restructures that reduce their monthly debt payments to get them back on track. We also encourage clients to consolidate their existing debt, thereby lowering their monthly debt repayments and assist in selling their property or vehicle at the best possible price to help settle their loan. During 2023 we rehabilitated 936 000 clients, assisted 53 600 clients to keep their vehicles and homes, and assisted a further 15 500 clients to sell their assets on the open market through our Assisted Sales Programme. Restructures amounted to R4,4bn, up by almost 70% yoy.

R4,4bn
loan restructures
(2022: R2,6bn)

External recognition

2023 Global Banking and Finance Awards
Best Investment Bank in South Africa
(winner)

2023 Global Banking and Finance Awards
Best Retail Bank in South Africa
(winner)

2023 Intellidex Top Private Banks and Wealth Managers Awards
Best Retail Bank in South Africa
(winner)

Case in point

Competitive bank fees

The launch of our MiGoals Premium and MiGoals Plus Accounts in 2023, with their more competitive pricing and value to clients, resulted in Nedbank ranking very well in the Solidarity 2024 Bank Charges Report. We were recognised as best-priced in the higher middle-class income segment and 2nd best in the middle-class income segment. In the low-income segment, Nedbank ranked #3 among the big 5 retail banks. We were also commended for the progress made on competitiveness as well as the transparency and simplicity of fees.



Value for stakeholders continued

2019 2020 2021 2022 2023

Shareholders – delivering consistently to our shareholders

Quality of relationship:

Falling short | Performing | Excelling

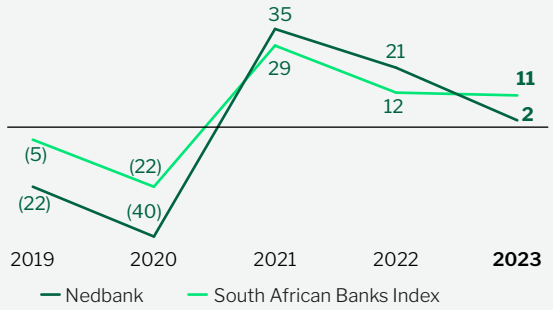
Value creation, preservation and erosion in 2023

Value creation | Value preservation | Value erosion

- All key financial drivers of shareholder value creation improved in 2023. DHEPS increased by 14%, ROE improved to 15,1%, above the group's cost of equity, and NAV per share increased by 8%. The group's dividend yield at 8,8% remains attractive, supported by a 15% increase in dividend per share. The achievement of our 2023 financial targets was a key milestone towards our medium- and long-term targets (shown on **page 55**) and achieving higher ROEs will underpin ongoing shareholder value creation.
- To enable the group to grow and protect against downside risk, we reported strong capital and liquidity positions, while successfully executing the R5bn capital optimisation initiative that was beneficial to ROE and per-share metrics. Looking forward we will continue to actively manage our capital position.
- Eligible shareholders who participated in the odd-lot offer received a 5% premium on the 10-day volume-weighted average price (VWAP) of the Nedbank Group ordinary share at the close of business on Monday, 19 June 2023, without incurring any transaction costs or brokerage fees.
- In acknowledgement of Nedbank's leadership and ongoing progress on ESG-related disclosures, our ESG ratings remain towards the top end of global banks as shown on **page 23**.
- We ensured world-class transparent, relevant and timeous reporting as evidenced in various reporting awards and ongoing positive shareholder feedback. In 2023 Nedbank's activities related to investor relations were rated #2 among all JSE companies in the Krutham (Intellidex) Top Investor Relations 2023 survey for the 2nd year in a row. We also ranked #1 for best market communications, #1 for best integrated report, #2 for best disclosure of ESG metrics, and #7 for most accessible management.
- Following 2 years of share price outperformance, the Nedbank Group share increased by only 2% in 2023, underperforming the South African Banks Index, which increased by 11%. Including dividends, Nedbank delivered a respectable total shareholder return of 10%.
- All resolutions at our 56th AGM were passed, although votes in support of our Remuneration Implementation Report at 74,8% were slightly below the required 75%. From engagement with shareholders, we understand that some of the votes against the group's Remuneration Implementation Report were because of a vote against the Remuneration Policy of the prior year by the same shareholders. Pleasingly, our Remuneration Policy received 90,4% votes of support in 2023.

Share price performance

(%)



External recognition

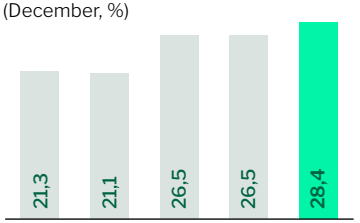
2023 Krutham (Intellidex) **Top Investment Relations Survey** (#2 overall)

2023 **EY Integrated Reporting awards** (#1 overall)

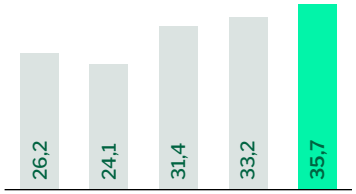
Key shareholding changes

Our shareholding profile reflects a large and diversified group of long-term oriented shareholders, a growing foreign shareholder base at a time when international investors have been net sellers of South African equities, and an ongoing increase in index-classified shareholdings.

Index-classified shareholding
(December, %)



Foreign shareholding
(December, %)



Major shareholders/managers		% holding 2023	% holding 2022
Public Investment Corporation (SA)	▲	**14,8**	13,6
Allan Gray Investment Council (SA)	▼	**9,4**	9,8
Coronation Fund Managers (SA)	▲	**4,9**	4,6
BlackRock Incorporated (international)	▲	**4,5**	4,0
Dimensional Fund Advisors (international)	▲	**3,8**	1,1
Nedbank Group treasury shares	▲	**4,8**	4,7
The Vanguard Group Inc (international)	▲	**3,8**	3,3
GIC Asset Management (Pty) Ltd (international)	▼	**3,4**	5,6
Sanlam Investment Management (SA)	▲	**3,1**	2,4
Lazard Asset Management (international)	▼	**2,7**	2,9

Source: JP Morgan Cazenove and Vaco Ownership

Value for stakeholders continued

Shareholders – delivering consistently to our shareholders continued

Key topics of discussion

We proactively communicate our financial performance, strategy, and progress on ESG matters to shareholders through transparent disclosures and an active and highly rated investor relations programme. Our management meets regularly with the investment community while our board, through our chairperson, lead independent director and other boardmembers engagements on ESG-related matters. The following were key topics of discussion during 2023:

Improving the group's financial metrics beyond its 2023 targets – The progress we have made towards our 2023 financial targets have prompted investor discussions around how Nedbank aims to achieve its medium- and long-term cost-to-income ratio and ROE targets as shown on **page 79**. Investors acknowledge that achieving a higher ROE could see the group's price-to-book ratio improving from around 1,0 times closer to 1,3 times (based on an ROE of 17%). Our CFO discussed the path to a 17% ROE (equity story) in more detail on **page 79**.

SA macroeconomic developments – Nedbank management is highly regarded for consistently providing insights and disclosures relating to the macroeconomic environment in SA, joint government and business initiatives, and developments in the financial services landscape. In 2023 the focus was on SA's energy challenges, renewable energy developments and opportunities, as well as prospects for GDP growth, interest rates, inflation expectations, and regulatory developments. These are discussed in more detail on pages **43 and 44**.



Higher impairments in the consumer segment of RBB and stressed exposures in CIB – The RBB impairment charge increased by 29% in 2023 as a result of the pressure experienced by consumers due to the more difficult macroeconomic environment. Focused management interventions in H2 of the year delivered benefits, including better collections and loan origination. CIB impairments increased by 17% given the resolution of material stage 3 loans. On the back of the actions taken in 2023 we would expect lower impairments in both these businesses in 2024, supporting the group's CLR returning to within its targets range.

Digital progress and technology strategy – Comparing the technology and digital strategies of various banks are top of mind for investors. In this context, Nedbank's ME IT build is regarded as very successful, driving both revenue growth and cost efficiency as discussed on **page 56**, as well as enhanced client experiences. On **page 57**, we share the strong digital trends evident in our business.

Capital considerations post the group's R5bn capital optimisation initiative – Shareholders were very pleased with the successful execution of the group's R5bn capital optimisation initiative. A strong CET1 ratio, well above board-approved targets of 11% to 12% and R12bn of average surplus capital, continued to prompt questions around capital considerations. We believe that having a CET1 ratio above our target range in an uncertain environment is prudent, but our active approach to capital management, as discussed on **page 23**, will ensure that we balance prudence, growth, higher returns, and shareholder value creation.

The impact of **lower interest rates** (endowment) – Our active approach to interest rate risk management continues as we manage the group's endowment position to offset the impact of changes in impairments through interest rate cycles. In 2023 the incremental endowment benefit from higher interest rates continued to offset the incremental increase in impairments. This net benefit is expected to remain intact in 2024 and 2025 as average interest rates in 2024 are likely to remain at similar levels to 2023, and lower NII endowment due to lower interest rates is expected to be offset through lower impairments in 2025.

Succession planning and the appointment of an external candidate as CE – Nedbank has a commendable track record in succession planning, evident in the various internal appointments to our Group Exco over the years, which demonstrates our ability to develop talent internally. When succession opportunities arise, it is helpful to benchmark internal candidates against external talent. The selection of an external candidate for the CE role does not detract from the quality of our internal candidates, as evidenced by a strong line-up of internal and external contenders who were considered.



Nedbank's presence in the **township economy** – Following our Township Megabranch investor day in 2022, we showcased Nedbank's presence and activities in townships in 2023, which investors found very insightful. It challenged their perception of Nedbank as being a corporate and high-end retail-focused bank. These visits clearly demonstrated how we have been supporting township clients through our 'Digital when you want it; human when you need it' approach. We also showcased our different branch formats, including our partnership model (Boxer stores), the fundamental shift from traditional to more digital-oriented branches, and how we support our SME clients.

Value for stakeholders continued

2019 2020 2021 2022 2023

Regulators – ensuring sustainable banking with our regulators

Quality of relationship:

Falling short | Performing | Excelling

Value creation, preservation and erosion in 2023

Value creation | Value preservation | Value erosion

We regularly engaged with more than 15 different regulators, and 165 regulatory developments were applicable to the group in 2023. Through a formalised Regulatory Affairs process, regulatory developments are analysed to determine their relevance and impact on the business, with a total of 5 573 acts (new or amended), notices, directives, regulations, and consultation papers considered during the year. Through proactive engagements to assess and mitigate regulatory risk, the group ensures that it addresses any impact and effectively participate in regulatory consultation processes, either through industry associations or directly with government, regulators and policymakers.

- During the year we paid R13,2bn in direct, indirect and employee taxes to support the governments and societies where we operate, representing an increase of 15% on 2022 (SARS).
- We continued to work closely with the government, regulators and BASA to ensure the safety and soundness of the South African banking system. Key developments in 2023 and beyond include the following:
  - **Basel III reforms –** With implementation starting mid-2025, the impact on the capital holdings of the group is currently estimated to emerge through 2026 to 2027 with the phase-in of capital floor requirements. We are working through the various committees and subcommittees to optimise not only capital holdings, but also the product offerings to absorb the impact of these Basel III reforms. Nedbank is well positioned to absorb these changes through current capital buffers.
  - **Positive cycle-neutral countercyclical capital buffer (PCN CCyB) –** The PA proposed increasing the CCyB rate from 0% to 1%, effective from 1 January 2026, which will increase the regulatory minimum capital requirement and consequently impact the group's surplus capital position, if implemented.
  - **Deposit insurance –** The Corporation for Deposit Insurance (CODI) will become fully operational from 1 April 2024. The group's initial impact assessments suggest, once secondary legislation has been promulgated, an annual CODI cost of approximately R240m for a covered deposit balance of approximately R120bn and a liquidity tier of approximately R3,6bn. The covered deposit balance is the amount covered by CODI for a qualifying depositor and a qualifying deposit product, which is currently proposed at a maximum of R100 000.
- We hold investments of over R184bn in government and public sector bonds as part of our HQLA requirements. All government bonds held in the Trading Book are held at fair value and all government bonds held in the Banking Book for LCR purposes are hedged, with interest rate swaps through Nedbank's Macro Fair-value Hedge Accounting solution. From an LCR perspective, all HQLA are measured at their fair value.
- We achieved a strong capital position, with a group tier 1 capital ratio of 15,0% and a CET1 ratio of 13,5% respectively. This includes the execution of our R5bn capital optimisation initiative, which is well above the SARB regulatory minimum of 12% as well as our board-approved targets of more than 11% to 12%. Our forecast capital ratios are projected to operate well above the regulatory minimum and above our board-approved targets (SARB).
- We continue to maintain a strong liquidity position, with Nedbank Group achieving an LCR of 135% in December 2023 (above the minimum regulatory LCR requirement of 100%). The structural liquidity position of Nedbank remains resilient, with the group attaining an NSFR of 117% (SARB), exceeding the minimum regulatory requirement of 100%.
- We retained our level 1 BBBEE contributor status for the 6th year in a row (FSC).
- We received fines, administrative sanctions or penalties to the value of R17m (2022: R25m) relating to the contravention of regional-specific regulator or legislative requirements in the UK and some SADC countries outside of SA. Many of these cases were self-identified and shortfalls were rectified.

Case in point

Market-leading tax disclosures

Being transparent about our approach to tax and the taxes that we contribute to governments are key principles and performance metrics in building trust with our stakeholders and SARS, which is our primary tax regulator.

We continuously aim to align our tax transparency disclosure to global and local standards and guidelines. In the 8th edition of PwC's 'Building Public Trust through Tax Reporting' publication in SA, Nedbank achieved #1 for our tax disclosures among the top 100 companies listed on the JSE. The independent judging panel noted that 'Nedbank provided well-articulated and comprehensive reporting in all categories and addressed most of the criteria of the framework'.



Read more about our tax principles in the Tax Review section in our 2023 Governance Report.

Our policies are regularly updated

To support regulatory and legislative compliance and ethical behaviour, various group policies are reviewed by management and approved by the board every year, including the following: the Code of Ethics and Conduct; Conflict of Interest Policy; Confidential Information and Information Barrier Policy; Ethics and Digital Technology and Artificial Intelligence Policy; FAIS Conflict of Interest Policy; Gifts Policy; Occupational Health and Safety Policy; Policy on Outside Interest and Conflicts of Interest; and Privacy Policy.

Value for stakeholders continued

2019 2020 2021 2022 2023

Society – delivering impactful and purpose-led value

Quality of relationship:

Falling short | Performing | Excelling

Value creation, preservation and erosion in 2023

As a purpose-driven organisation that leverages our financial expertise to do good, our purpose guides our business strategy, behaviours, and short- and long-term actions. We are committed to reducing systemic risks to the environment and society, while delivering significant and long-term societal value.

We use the Nedbank Sustainable Development Framework to focus our sustainable development efforts and to identify business opportunities, risks, and cost savings. These opportunities and savings are potentially enormous, estimated to have a global value of trillions of dollars every year.

We prioritise 9 of the 17 SDGs where we can deliver meaningful impact through innovation in our banking products, lending, and investment practices. Our sustainable development finance (SDF) commitment is realised on the 3 pillars of sustainable finance, financing the transition, and financial inclusion. These pillars, combined with our approach to human capital, transformation, human rights, corporate social investment (CSI), and market conduct, inform and enable our business strategy and guide our focus on creating positive impact.

Nedbank Sustainable Development Framework



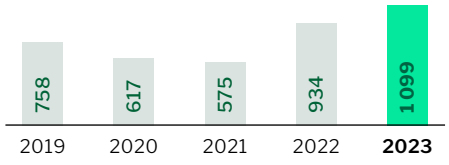
These SDGs guide our climate change response.

Sustainable development finance

SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- We offer **student loans** that cover more than just tuition fees, taking a comprehensive approach that includes other educational expenses such as textbooks, accommodation, and transport. Our loans are designed to support students throughout their studies, regardless of their financial needs. Over the past 5 years, we have disbursed over 3 670 student loans worth R243m. In 2023 we provided R61m (2022: R80m) in student loans to help 1 099 students (2022: 934).
- Recognising the pivotal role of **accommodation** in a student's success, we have taken a leading role in funding student housing and addressing the lingering accommodation shortage that has historically left 80% of students without on-campus housing. Our current student housing exposure is R5bn, and we have created 43 892 beds since 2015. In 2023 we continued this commitment, with total loans amounting to R1,4bn (2022: R2,0bn), resulting in a further 967 new beds to further enhance SA's educational landscape.

Number of students financed
(Number of students)



SDG 6: Ensure availability and sustainable management of water and sanitation for all

- We are committed to playing a pivotal role in fostering effective water partnerships and investments, which are crucial for sustainable socioeconomic development. However, given the reliance on the public sector and business readiness, investing continues to be a challenge. Despite droughts, water shortages, water restrictions, shutdowns and looming day zeros in many metros, the public and private sectors are still struggling to recognise the risks that operations are exposed to concerning reliable water supply and invest accordingly. This is evidenced in the levels of water support business achieved in 2023. While we have over R1,1bn of exposure to **water projects** across the group, we did not have any material deals that paid out this year (2023: R215m; 2022: R514m).
- We aim to **reduce water usage** in our own offices by 40% by the end of 2025, based on 2019 levels. This target equates to 152 900 kℓ or 8,0 kℓ per full-time employee (FTE), whichever is met first. In 2023 the total water consumption across all Nedbank campus sites increased by 9,8% from 144 955 kℓ to 159 105 kℓ LA1 or 9,02 kℓ per FTE.
- Since 2019 the **WWF Nedbank Green Trust** has distributed R85m to 56 conservation projects around SA. Ten of those projects, constituting an investment of R13m, were focused on protecting and managing freshwater habitats and water sources, thereby improving water quality and quantity for people and nature.
- We have achieved net-zero operational water usage since 2018.

Nedbank target

Water

40% reduction by the end of 2025

WWF NEDBANK GREEN TRUST | WWF

LA1 External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner's Limited Assurance Report on selected key performance indicators.

Value for stakeholders continued

SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all

- Our commitment to achieve **net-zero carbon emissions by 2050**, supported by our Energy Policy, guides us to maintain our strong support for the energy transition and the increasing integration of renewable energy.
- In 2023 we made considerable progress in closing several renewable energy deals in the **government procurement programmes**. Following lengthy delays, we successfully closed 2 deals under RMIPPPP and 2 deals under REIPPPP round 5, along with 2 deals from prior rounds. In 2024 we anticipate closing a further 5 deals for which we are the mandated lead arranger. These will contribute 540 MW in additional capacity, supported by R7bn in new facility limits. To date we have supported 3,5 GW from REIPPPP rounds 1 to 4 (out of a total 6,3 GW added), and our 2023 activity will add a further 330 MW when the projects come online.
- Our ability to be an innovative banking partner, collaborating with our clients to land impactful solutions and support them on their energy transition journeys, has resulted in a robust and growing pipeline of **private power generation project financing** in the commercial and industrial space. Our activity in this space has increased significantly, supported by the liberalisation of the electricity supply sector and clients' needs for affordable, reliable and clean energy. This is evidenced by the 3 deals we closed in 2023, worth 168 MW in capacity and R4bn in facility limits, and a pipeline of 15 deals worth 1,9 GW and R16bn in facility limits expected to close in 2024.
- As part of our commitment to funding alternative energy solutions, we offer an array of **financial products to individuals and businesses**. These include home loans with up to 110% loan-to-value (LTV) to finance the purchase of property and the installation of solar panels, finance options through Motor Finance Corporation (MFC) for solutions acquired from Nedbank-approved solar providers, and our own Avo Solar offerings. Additionally, we provide alternative energy loans that cater to purchases from any provider. Our participation in the government's Energy Bounce Back Loan Guarantee Scheme further illustrates our dedication to sustainable energy solutions.



SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- In 2023 our small-business bankers **supported 305 000 business clients**, assisting with their transactional, payment, investment, and financing needs. Our specialised services extend to sectors such as medical, franchising, and agriculture. We are proud to have facilitated R4bn in asset payouts for small-business development during the year.
- **SimplyBiz®**, our free business development platform, was designed to support entrepreneurs at every stage, whether they are brainstorming ideas, starting up, growing, or running established businesses. The platform is dedicated to equipping approximately 47 000 registered businesses with the tools they need for efficient and sustainable operations. SimplyBiz provides a suite of services to foster entrepreneurial success, assists with a range of funding options, and offers practical guides as well as 1-on-1 specialist coaching.
- Within the **township economy** we continue to innovate and leverage partnerships to co-create solutions with clients. In 2023 we continued with hosting Kasi Business Workshops across the country, creating shared value through our partnership with the Township Entrepreneurs Alliance (TEA). We have impacted more than 48 000 township SMMEs, sponsored more than 165 township exhibitors with Nedbank point-of-sale devices and created supplier procurement opportunities for more than 180 black-youth-owned service providers. Significant work was done to launch a CVP for informal traders, customised to their unique needs and behaviours in 2024.
- In 2023 we welcomed our 4th intake of 2 835 YES participants as we continue to make an impact on South African youth and their families and communities. With this intake included, close to 10 000 previously unemployed young individuals have been afforded the opportunity of employment through participating in **Nedbank's YES Programme**. To date, 1 140 of them have been permanently employed within Nedbank and our YES Programme partners.



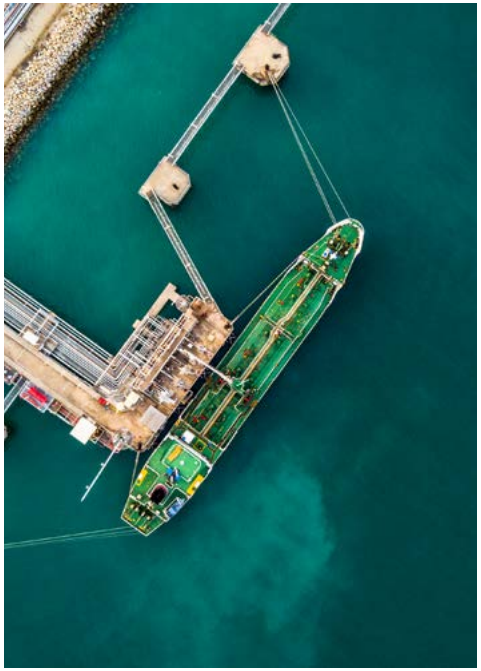
Case in point

Nedbank Business Ignite sponsorship

Nedbank Business Ignite, in partnership with Primedia Broadcasting, is a business mentorship programme in SA. Targeting SMEs with a turnover between R2m and R5m, the initiative underpins our commitment to economic growth and job creation through SME support. In 2023 we celebrated the 11th year of the partnership with 702 and CapeTalk, and the theme for the competition was 'Boosting small businesses in doing big things during tough economic times'. Business coach, Thuli Magubane, steered the programme, which provided 6 winners with business support packages worth R140 000 each, including cash, coaching, and media exposure.

SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

- Nedbank contributes towards the achievement of SDG 9 through **funding of infrastructure**, including mass transit, road and rail corridors, water treatment plants and information and communication technologies to name a few.
- One such example in 2023 is the successful completion of a US$214m finance package for Seacom Group. This marks another milestone in our journey towards leading infrastructure investment that delivers sustainable development outcomes and **reduces the digital connectivity gap in Africa**. It is anticipated that the investment will increase access to quality IT services for African businesses and will enable Seacom to support the digital transformation of 24 000 enterprises in the region by 2027.

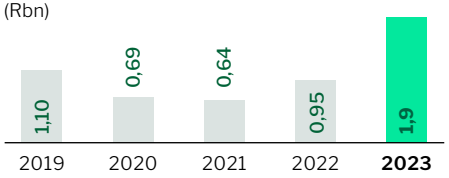


Value for stakeholders continued

SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable

- Nedbank is focused on investing in **green and sustainable buildings** that improve the quality of life for occupants, reduce carbon emissions and deliver positive impacts in terms of waste management and water stewardship. We evaluate properties based on their attainment of green certifications like Edge and Green Star, as well as the incorporation of sustainable features such as solar PV, wind or hydropower solutions, rainwater harvesting, and advanced water systems including black- and greywater recycling.
- Our commitment to sustainability is reflected in our financial exposure, with R15bn invested in **green-certified properties** and R13bn in **properties with sustainable features**, termed 'green aspects'. Through these investments, we are not just financing buildings; we are actively fostering a future where living spaces are in harmony with the planet.
- **Access to adequate housing** is a key challenge of democratic SA, given lingering backlogs in the provision of housing amid steadily rising demand. To help address this matter, we approved R1,9bn (2022: R952m) in funding in 2023 for the development of affordable housing for lower-income households.
- We also continuously pursue **Green Star ratings for our own premises**, and at the end of 2023, 85% of our space was Green Star-rated.

Affordable housing loans
(Rbn)



SDG 12: Ensure sustainable consumption and production patterns

- **Sustainable production practices** have become increasingly important as companies recognise the need to address their environmental impact. Companies are doing this by implementing circular economy initiatives, which aim to keep resources in use for as long as possible through recycling and reusing. This shift in mindset requires a comprehensive understanding of the entire supply chain and identifying areas where waste can be minimised.
- **Our shade netting finance** offer in the horticulture sector, totalled R15,5m in 2023 (2022: R43m) in 2023. The yoy reduction reflects the challenges experienced by citrus producers such as poor infrastructure (ports and roads), energy shortages and higher associated costs. 2024 is looking more positive as farmers start investing in shade netting again.
- Our **sustainable agriculture funding solutions** aim to address the challenges farmers face due to climate change. These challenges include reduced rainfall and increased temperatures, which make it difficult for farmers to produce food sustainably. The sustainable agriculture solutions help farmers to improve their farming practices, such as water conservation and storage, improved soil health, advanced irrigation techniques, and shade-netting to minimise evaporation. The solutions are offered either directly or via financing cooperatives.



SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems

The financial sector has a pivotal role to play in addressing nature's loss and protecting and restoring biodiversity. There is a direct link between nature impact (both positive and negative) and our business activities through those of our clients. Our efforts to protect and restore nature build on the work we are doing to move towards a net-zero economy as well as the investments we have already made into strengthening biodiversity and nature.

Working with WWF to raise awareness and educate: A guide titled '*Gums, Bees and Biodiversity*' was created for landowners to help raise awareness and provide guidance for action.

We have published our first **Nature Position Statement.** It builds on our **Climate Position Statement**, acknowledging that nature and climate are inextricably linked. It explains how Nedbank understands nature, its current state, and what must be done to restore it. It commits the bank to a path that is aligned with global best practice, forming the basis for our related strategies and the foundation on which policy and r**elated nature commitments** and targets can be set.

Responsible finance

We actively manage ESG and climate risks using the Nedbank Social and Environmental Management System (SEMS). In 2023 a total of 579 LA1 deals (2022: 610) were assessed in CIB (excluding Property Finance), 1 695 (2022: 1174) clients were assessed in Commercial Banking. In addition 10 LA1 deals to the value of US$911m (2022: 4 deals to the value of US$168m) were assessed under the Equator Principles.

More detail is available in our 2023 Climate Report.

As Nedbank, we affect nature through our lending, investments, loans, and insurance underwriting.

We recognise that land use change is driving nature loss and are cognisant of the varying degrees of impact different sectors have on nature and, accordingly, apply a differentiated approach across sectors.

Different ways of producing, consuming, and financing these activities will be considered to ensure that we can meet our current needs and support the well-being of future generations without destroying our natural resource base.

We have a responsibility to limit and ultimately reverse our negative impact on nature and, consequently, advance the resilience of SA's society and economy.

Read our full newly released Nature Positioning Statement online at Nedbankgroup.co.za.


Nedbank Nature Position Statement
2024

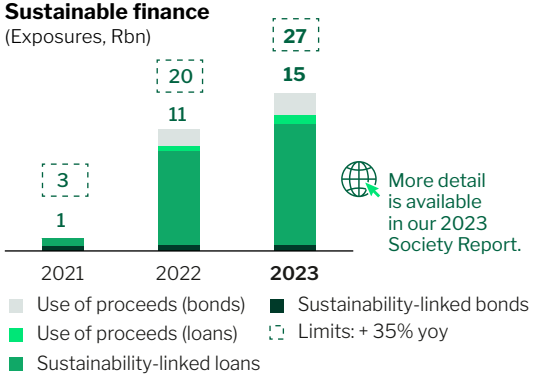
LA1 External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner's Limited Assurance Report on selected key performance indicators.

Value for stakeholders continued

Sustainable finance: Across multiple SDGs

- We are dedicated to leading in sustainable finance, ensuring that the solutions and services that we provide not only meet today's needs, but also address tomorrow's challenges. Our approach integrates sustainability criteria directly into our debt-financing activities, strengthening our position as a market leader in ESG and sustainable finance.
- In 2023 we expanded our financial offerings to clients, evident in the 35% increase in financial facilities that support environmentally and socially responsible initiatives.

Sustainable finance
(Exposures, Rbn)

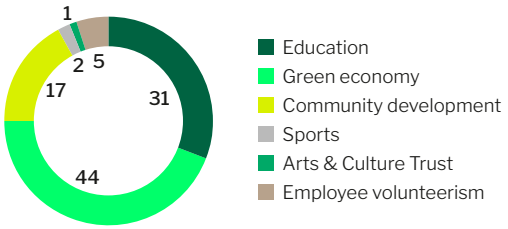


More detail is available in our 2023 Society Report.

Corporate social investment

Through the Nedbank Foundation we support interventions that have a positive, transformational and systemic impact on the South African economy, centred around green-economy activities in areas such as renewable energy, water, waste and recycling, as well as agriculture. In 2023 the total value of CSI support and investment delivered across our group was R154m (2022: R127m).

Corporate social investment ESG
(%)



Responsible investment

In 2023 we submitted our **1st PRI assessment report**, which revealed that our practices are consistent with those of other signatories in key areas such as policy governance and strategy, indirect active equity, indirect fixed income, and confidence-building measures. This assessment is a crucial step for us, not just to benchmark our performance, but also to identify areas for further improvement and to ensure that we are contributing to positive social and environmental outcomes through our investment decisions.



Board oversight – ensuring and protecting value
Group Transformation, Social and Ethics Committee (GTSEC)

'Nedbank continues to contribute positively to society through its values driven approach. Our purpose *to use our financial expertise to do good for individuals, families, business and society* remains relevant and aligns with the ESG agenda.'

Linda Makalima, Chairperson



Ensuring and protecting value in 2023

- Oversaw all measurements of the Amended FSC for the industry. We retained our level 1 BBBEE contributor status.
- Monitored employment equity, transformation and talent practices including the retention of underrepresented (specifically African) talent at middle and senior management levels.
- Guided progress towards the fulfilment of our purpose in line with our Sustainable Development Framework.
- Monitored the state of ethics in the organisation including 'ethics in remuneration' that ensures fair remuneration outcomes.
- Oversaw the well-being of employees.
- Guided the evolution of Nedbank's culture and the introduction of The Nedbank Way – core principles to guide the required behaviour in a practical way).

Focus for 2024 and beyond

- Contribute towards retaining a competitive BBBEE contributor status, including any impacts that may emanate from the pending FSC industry review process.
- Oversee progress in respect of employment equity, diversity, and inclusion outcomes.
- Monitor skills development and YES Programme.
- Guide Nedbank's transformation and talent progression.
- Monitor people risk.
- Oversight of the Nedbank Purpose Programme of Work elements that relate to the GTSEC mandate.
- Oversee implementation of our ethics and human rights management plans.
- Monitor the evolution of Nedbank's culture.

Stakeholders

Clients | Employees | Society | Shareholders | Regulators

Top 10 risks

3 Cyberrisk | 7 Operational | 5 Strategic execution | 9 Reputational and conduct

A comprehensive GTSEC Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.

Stakeholder value creation – key performance indicators

Value unlocks	Value drivers	Link to executive remuneration	yoy change	2023	2022	2021	2020	2019	Outlook	Assurance
Employees										
Salaries and benefits (Rbn)	Remuneration and benefits to employees		▲	**21,1**	19,6	18,0	16,8	17,3	Maintain competitive remuneration	[MO] [FS]
Annual salary increase – bargaining-unit employees (%)	Salary increases for bargaining-unit employees		▲	**7,0**	5,2	4,0	6,3	7,0	Above the increase for management	[MO]
Training spend (Rbn)	Investment in employee development	GCC	▲	**1,17**	0,94	1,10	0,92	0,76	Continue to invest in employees	[LA2]
ESG Attrition (%)	Ability to retain and rotate skills	GCC	▼	**9,2**	10,6	9,3	7,1	10,8	Maintain	[MO] [LA1]
ESG 'Great place to work' NPS	Employee engagement drives higher levels of productivity	CPT	▼	**20**	22	19	17	7	Maintain above 20	[IN – Compass survey]
ESG Diversity, equity and inclusion (employment equity) – black employees (%)	The transformation of the Nedbank employee profile is broadly in line with demographics in society	GCC and CPT	▲	**82,0**	80,8	79,9	78,9	78,5	Continue driving diversity, equity and inclusion	[LA2]
ESG Diversity, equity and inclusion (employment equity) – female employees (%)	Progressing gender diversity	GCC and CPT	—	**61,7**	61,8	61,4	61,2	91,8		[LA2]
Clients										
Loan payouts (Rbn)	New loan payouts to clients		▼	**332**	341	228	210	208	Continue extending credit	[MO]
ESG Average annual price increase	Value-for-money banking		—	**Below inflation**	Below inflation	At inflation	At inflation	At inflation	Below inflationary increases	[MO]
Unit trust market share in SA (rank)	Investment performance for clients	GCC	—	**6th**	6th	4th	4th	5th	Top 5 in the industry	[MO]
ESG Investment performance in asset management business	Investment performance for clients	GCC	—	**2 category winners**	2 category winners	None	1 category winner	1 category winner	Rating among top 3	[IN – Raging Bull Awards]
Nedbank Money app average rating (out of 5)	Delivering market-leading client experiences	GCC	▲	**4,3**	4,1	4,4	4,4	4,4	Maintain top rating	[IN – iOS and Android app stores]
Nedbank Private Wealth app average rating (out of 5)		GCC	—	**4,6**	4,7	4,6	4,5	4,6		[IN – iOS and Android app stores]
ESG Net Promoter Score	Overall satisfaction with our products and services	CPT and GCC	—	**#1**	#1	#2	#2	#3	Continue strong performance in client satisfaction	[IN – Kantar; 2023–2019: Consulta]
ESG Client complaints received (000)	Quality of service experience through effective complaints handling	GCC	▼	**70,9**	87,2	82,3	79,1	72,5	Committed to providing world-class service	[MO]
ESG Banking Ombudsman cases in favour of Nedbank (%)[1]		GCC	▼	**69,0**	73,0	70,9	65,9	72,3		[IN – Ombudsman]

[1] *The nett value of ombudsman cases (973)* LA1 *has recieved external limited assurance .*

Assurance indicators

- **LA** External limited assurance on selected sustainability information [LA1] and the application of the Amended FSC and the group's BBBEE status [LA2]. Related opinions are available at nedbankgroup.co.za.
- **MO** Management and board oversight through rigorous internal reporting governed by the group's ERMF.
- **IN** Information sourced from external sources, eg independent surveys.
- **OV** Independent oversight by regulatory bodies, including SARB, FSCA and various financial-sector ombudsman offices.
- **FS** Financial information extracted from the 2023 Nedbank Group Limited Audited Annual Financial Statements.

Stakeholder value creation – key performance indicators continued

Value unlocks	Value drivers	Link to executive remuneration	yoy change	2023	2022	2021	2020	2019	Outlook	Assurance
Shareholders										
Share price performance (%)	Share price appreciation		▲	**2**	21	35	-40	-22	Performance above peers	[IN – JSE]
Full-year dividend per share (cents)	Dividends for shareholders		▲	**1 893**	1 649	1 191	n/a	1 415	Grow strongly	[MO] [FS]
Full-year dividend per share cover (times)	Dividends for shareholders		—	**1,75**	1,75	2,02	n/a	1,84	At the low end of the board range (1,75x to 2,25x)	[MO] [FS]
Price-to-book ratio (times)	Valuation indicator of the Nedbank share		▼	**0,9**	1,0	0,9	0,7	1,2	#2 SA bank	[IN – JSE]
Net asset value per share (cents)	Growth in Nedbank book value		▲	**23 192**	21 533	20 493	18 391	18 204	Above nominal GDP, subject to capital actions	[FS]
MSCI ESG rating	ESG rating of most influential ratings agency	GCC	—	**AAA**	AAA	AA	AA	AA	Maintain ESG leader rating	[IN – MSCI]
Regulators										
CET1 ratio – Basel III (%)	Strength of capital position	GCC	▼	**13,5**	14,0	12,8	10,9	11,5	Above the board range of 11–12	[MO] [OV]
LCR ratio – Basel III (%)	Strength of liquidity position	GCC	▼	**135**	161	128	126	125	> SARB minimum of 100	[MO] [OV]
NSFR ratio – Basel III (%)	Strength of stable funding	GCC	▼	**117**	119	116	113	113		[MO] [OV]
ESG Notable regulatory fines or penalties paid (Rm)	Indicator of adherence to regulatory requirements	GCC	▼	**< 18**	< 25	< 6	< 7	< 18	Zero, although the risk of fines has increased	[MO] [OV]
ESG Taxes – direct, indirect and employees (Rbn)	Contribution to the fiscus	GCC	▲	**13,2**	11,5	11,2	8,7	11,6	Responsible taxpayer	[OV]
Society										
ESG Consumer finance education – participants (000)	Value through education		▼	**11,5**	88,6	13,3	34,0	175,5	Maximum alignment of impact with strategy	[MO] [LA2]
ESG Total socioeconomic spend (Rm)	Contribution to society		▲	**154**	127	121	103	130	Spend > R100m	[MO] [LA2]
ESG Local procurement spend (% of total)	Supporting local suppliers	GCC	—	**> 75**	> 75	> 75	> 75	> 75	Spend > R75m	[MO] [LA2]
ESG Carbon footprint offset to neutral (tCO_2e)[1]	The impact of our business on the environment and society	GCC	▼	**122 643**	128 149	132 847	137 540	188 443	Maintain carbon-neutrality	
ESG SEMS deals reviewed	The impact of our business on the environment and society		▼	**579**	610	703	764	526	Enhance SEMS integration	[MO] [LA1]
ESG Finance assessed under the Equator Principles (US$m)	The impact of our business on the environment and society		▲	**911 (10 deals)**	168 (4 deals)	60 (1 deal)	45 (2 deals)	75 (1 deal)	Enhance Equator Principles integration	[MO] [LA1]
ESG Carbon footprint per full-time employee (tCO_2e)	The impact of our business on the environment	GCC	▼	**4,44**	4,65	4,71	4,71	6,09	Continue reducing our impact through reduction targets	[MO]

[1] *Our carbon footprint offset to neutral from 2023 includes the scope 3 emissions from our supply chain in addition to the 113 339 tCO_2e of emissions from our own operations. For more information on this enhancement to our methodology please refer to page 96 of our 2023 Climate Report. The change in methodology has been applied prospectively.*

Assurance indicators

- **LA** External limited assurance on selected sustainability information [LA1] and the application of the Amended FSC and the group's BBBEE status [LA2]. Related opinions are available at nedbankgroup.co.za.
- **MO** Management and board oversight through rigorous internal reporting governed by the group's ERMF.
- **IN** Information sourced from external sources, eg independent surveys.
- **OV** Independent oversight by regulatory bodies, including SARB, FSCA and various financial-sector ombudsman offices.
- **FS** Financial information extracted from the 2023 Nedbank Group Limited Audited Annual Financial Statements.

Rewarding for value creation

Strong 2023 performance – all targets for 2023 announced in March 2021 met

All drivers of shareholder value creation improved

Return on equity (ROE) **increased to 15,1%**, now back above cost of equity (COE)

Headline earnings (HE) **up by 11%** and diluted headline earnings per share (DHEPS) **up by 14%**

Dividends per share **up by 15%**

Cost-to-income ratio **improved to 53,9%**

GP increases 2024, effective April 2024

Non-bargaining unit 5,3%
(2023: 5,6%)

Bargaining-unit 7,0%
(2023: 7,0%)

Minimum annual GP R225 000
7,1% increase
(2023: R210 000)

Vesting % of 2021 LTI awards, effective March 2024

Group Exco
124,8%

Cluster exco members
115,3%

Other participants
117,1%

STI paid in March 2024

Increased 4,6%
from R2 900m (2022) to R3 032m (2023)

Non-executive directors fees, effective July 2024

6,7% overall average increase (2023: 6%) recommended for shareholder approval

Agreed terms for the incoming CE and outgoing CE, effective in 2024, with all remuneration components in line with the group remuneration policy



Shareholder engagement

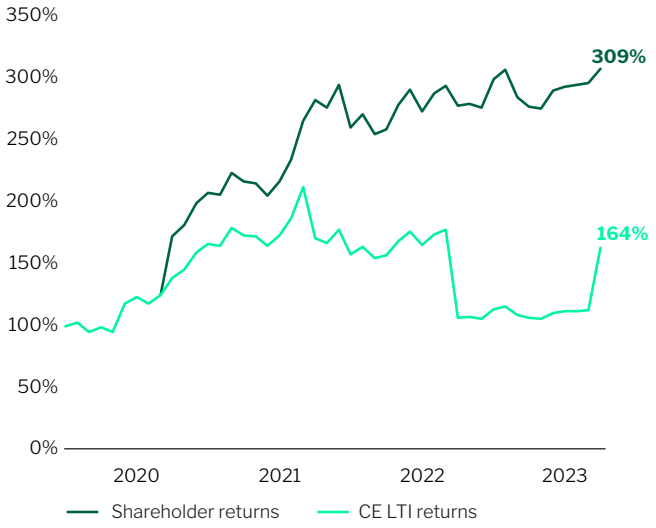
The 2023 annual general meeting (AGM) produced a pleasing shareholder remuneration voting outcome with increased shareholder support for our Remuneration Policy and Implementation Report. We fell just below the 75% level on the implementation vote which was attributable to the position of 1 large shareholder that did not vote in favour of the Implementation Report in the year (2022) following their vote against the Remuneration Policy in 2021. It voted against the 2021 policy because not all the long-term incentive (LTI) awards were 100% performance-based in the particular year.

LTI awards from 2023 are all 100% performance-based. This policy change has been well received by our shareholders as evidenced by the 90,4% support at the 2023 AGM (2022 policy).

CE LTI returns vs Shareholder returns

The graph below compares total returns (dividends and share price) since Covid-19 for the CE and shareholders using the same size share portfolio. This demonstrates that shareholders have recovered more strongly than the CE returns (indicative of all LTI participants). The lower LTI return is attributable to the significant forfeitures from the low-percentage vestings of the LTI awards over the period where CPTs were not reset during the Covid-19 period.

(indexed to 100 in June 2020)



Rewarding for value creation continued

Guaranteed package outcomes in 2023

Employees at Group Exco level and NBU employees received an increase in their total GP averaging 5,6% in 2023. This compares with 7% for the BU. The minimum GP for permanent full-time employees in SA was increased by 10,5% to R210 000 per annum in 2023, up from R190 000 in 2022, and remains significantly higher than the minimum wage in SA.

Short-term incentive outcomes in respect of 2023

The total STI pool approved by Group Remco in respect of the 2023 financial year was R3 032m, compared with R2 900m for 2022.

Long-term incentive outcomes

LTI plan share usage

A limit of 24 905 446 shares for purposes of the LTI plan, representing 5% of the issued ordinary share capital on 1 January 2018, was approved by shareholders at the 10 May 2018 AGM. To date, 18 318 126 shares have been used against this limit.

From 2023, shares were purchased in the open market for the annual LTI issuance, averting further utilisation against this limit and shareholder dilution.

LTI vesting outcomes

As stated in last year's Remuneration Report, we estimated that 133% of the 2021 Group Exco awards would vest in March 2024, based on business plans at the time and before any Remco discretion on the vesting outcome. Group Remco exercised its discretion and increased the DHEPS target on the 2021 LTI awards. This reduced the DHEPS vesting outcome for Group Exco from 200% to 190%, after taking into account management's approach to managing endowment, and as a result reduced the overall vesting for Group Exco to 124,8%.

Pay fairness

'Pay fairness' arguably starts with ensuring a decent living wage at the lower levels. Nedbank's minimum annual GP is R225 000, effective from April 2024 (2023: R210 000; 7,1% increase). This minimum GP is significantly above the legislated minimum wage in SA of R27,58 per hour, which translates to just below R60 000 per annum. This was supplemented by an STI of 8% of the guaranteed remuneration bill of qualifying employees in the bargaining unit (2023: 9%).

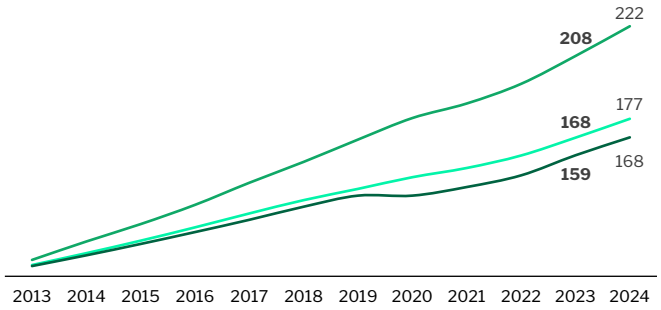
Executive GP increases are set by reference to, among other things, the increases of the broader workforce, which is represented by Sasbo, the finance union in SA. In 2024, employees at Group Exco level and non-bargaining-unit (NBU) employees will receive increases in their total GP averaging 5,3%, compared with 7% for the bargaining unit.

Employees have a right to freedom of association and unions representing their interests. There are also collective-bargaining arrangements in our subsidiaries in Lesotho, Namibia, Eswatini and Zimbabwe. Care is taken to ensure that salary increase settlements are appropriate within the context of local market and economic conditions. We continue to remunerate our employees in the bargaining unit appropriately relative to the industry.

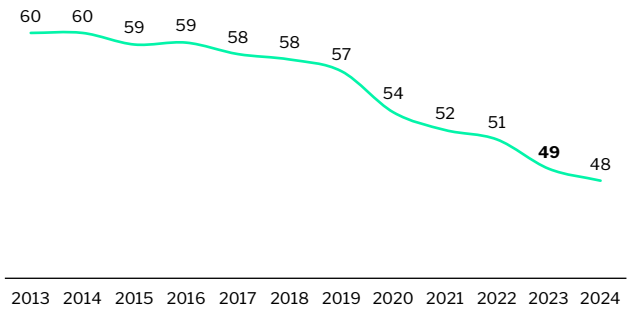
As shown in the graph at the top right, indexed at 100 from 2013 to April 2024, the GPs at bargaining unit level have, on average, more than doubled (122%), while at non-bargaining and exco level the average GPs have increased by 77% and 68% respectively. This is a result of a deliberate long-term approach to narrow vertical pay gaps and reduce income inequality, and has the added effect of increasing the STI awards of the bargaining-unit members as variable pay is determined as a percentage of GP.

Group Remco is satisfied that there is negligible evidence of 'pay bias', that differences in race and gender compa ratios are negligible and that overall, pay differentials are supported by admissible and justifiable factors.

GP increases during 2013–2024
(indexed)



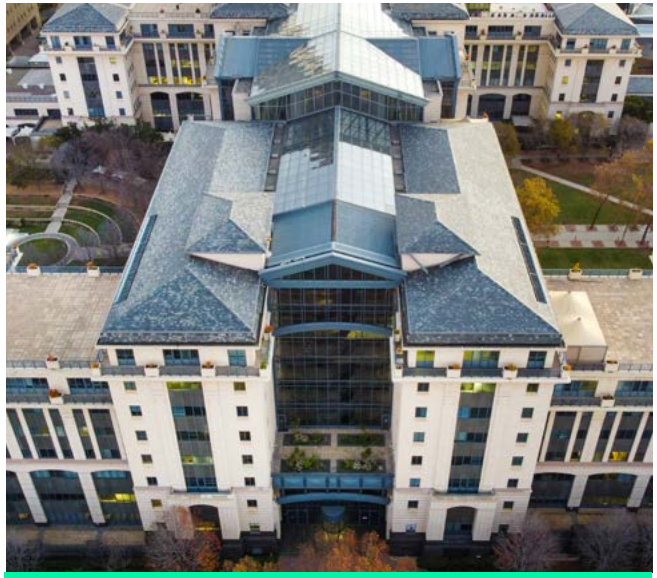
CE GP to Bank minimum ESG
(ratio)



The ratio between the CE's GP and the bank minimum GP has steadily declined as depicted in the graph above, measured from 2013 to April 2024.

Rewarding for value creation continued

Remuneration aligned to business performance and strategic outcomes



Achievement of board-approved targets drives remuneration outcomes

Board-approved targets cascade into goal commitment contracts (GCCs)

Group performance against the short- and medium-targets, drives the STI pool buildup and LTI vesting outcomes

Individual STI awards are informed by individual GCC performance

Individual LTI awards are informed by eligibility criteria and retention risk

Board approved target	Included in the GCCs	Drives STI pool build-up	Drives LTI vesting outcome
HE and economic profit • HE and EP performance against 2023 business plan and budget drives the STI pool	✓	✓	
DHEPS growth • Short-term target (2023): > 2 565 cents • Medium-term target (2025): > GDP + CPI + 5% (CAGR to end-2025) • Long-term target: > GDP + CPI + 5% (CAGR through the cycle)	✓	✓	✓
Return on equity • Short-term target (2023): 15% • Medium-term target (2025): 17% • Long-term target: > 18%	✓	✓	✓
Cost-to-income ratio • Short-term target (2023): < 54% • Medium-term target (2025): < 52% • Long-term target: < 50%	✓		✓
Environmental, social and strategic • Environmental: Active progress on the Energy Policy commitments and sustainable-development financing ambitions • Social: Maintain positive employee NPS, strong client NPS, and competitive BBBEE status • SPT 2.0: Achieve selected market share gains • Achieve improved coverage and returns in NAR • Unlock value from digital transformation	✓		✓

Rewarding for value creation continued

2024 awards: Performance conditions and weightings

Vesting of Group Exco and cluster exco awards remains 100% business-performance based - the same as the 2023 awards. Vesting below cluster exco level is 50% CPT-based and 50% subject to an individual performance underpin – the same as 2023 issuance.

	Group and cluster exco %	All other %
ROE	30	15
DHEPS growth	30	15
Cost-to-income ratio	20	10
Environmental and social	10	5
Strategic	10	5
Total	**100**	**50**
% of award linked to group business performance and continued employment	100	50
% of award linked to individual performance and continued employment	0	50[1]
Total	**100**	**100**

[1] *Vesting of this portion is subject to a minimum acceptable individual performance standard and ongoing employment over the vesting period.*

2024 awards: Vesting ratios and targets

	Minimum vesting 0%	Target vesting 100%	Maximum vesting 200%
ROE 2026[1]	ROE ≤ 15,25%	ROE = 17,25%	ROE ≥ 18,75%
DHEPS CAGR growth[2]	≤ CPI + GDP + 1%	= CPI + GDP + 5%	≥ CPI + GDP + 10%
Cost-to-income ratio 2026[3]	54%	52%	50%

	Minimum vesting 0%	Target vesting 60%	Maximum vesting 100%
Environmental and social[4]	Rating = 0	Rating = 3	Rating = 5
Strategic[4]	Rating = 0	Rating = 3	Rating = 5

Straight-line vesting applies between the points in the above table

[1] *To be measured on the 2026 results. This will be reviewed and adjusted where appropriate in the event of material merger and acquisition activity in a manner that does not prejudice shareholders and is in the best interests of the group. Group Remco retains discretion to amend the vesting outcome, either down or up should actual COE be materially above or below the currently forecast COE.*

[2] *DHEPS growth is measured as the CAGR over the 3-year vesting period, 2024 to 2026 (2023 as base year). CPI and GDP are for SA only and will be reviewed and adjusted where appropriate in the event of material merger and acquisition activity in a manner that does not prejudice shareholders and is in the best interests of the group.*

[3] *Cost-to-income ratio, including associate income, is measured on the 2026 results.*

[4] *E&S and the strategic CPT are measured as a qualitative evaluation by Remco of 'substantial progress made' on the board-approved metrics supporting these initiatives with input from relevant board committees, on a scale of 0 to 5 (with 3 at 60% vesting).*

2024 awards: Environmental and social commitments ESG

Environmental	Achieve appropriate progress on our Energy Policy commitments: Renewable-energy finance (SDG 7) and Energy Policy-related timelines and targets, including fossil-fuel related glidepaths will be communicated in 2024 with further sizing of next portfolio carbon intensities, with associated glidepaths.
	Our own carbon footprint is to decline by 40% by the end of 2025 and renewable green energy for our own operations is to contribute more than 30% of energy sourced by 2025 and both to be progressed further by 2026.
	Meet sustainable development financing (SDF) ambitions: By the end of 2025 it is our ambition to have increased SDF exposures to around 20% of the group's total gross loans and advances (2023: 16%), supported by more than R150bn in new SDF finance (from the 2021 base) that is aligned to the SDGs. Our plans currently suggest we get to 19% by 2025.
Social	Maintain positive employee Net Promoter Score (NPS). Maintain an employee 'great place to work'score of an average of around 20 over the period.
	Maintain a strong client NPS over the period.
	Maintain competitive BBBEE status (inclusive of diversity). Retain level one status, based on the current amended Financial Sector Code (FSC) targets. This is still a pending status given the industry review process underway and amended FSC rules are yet to be finalised, which may result in us targeting a different status.

2024 awards: Strategic commitments

Nedbank Africa Regions	Achieve improved coverage and returns.
Digital transformation	Unlock value from AI and GenAI while strengthening capabilities in data and analytics (scaling commercial value from analytics, GenAI, Digital 2.0 and transforming Digital Customer engagement).
SPT	Achieve selected market share gains in retail secured and unsecured lending, within appropriate risk appetite.
	Achieve market share gains in retail and commercial transactional deposits.
	Achieve gains in main-banked clients.



Rewarding for value creation continued

Value creation | Value preservation | Value erosion

Board oversight – ensuring and protecting value

Group Remuneration Committee (Group Remco)

'Following a fit-for-purpose review, Group Remco is satisfied that Nedbank's remuneration strategy is well aligned to support the group's human capital and business strategy.'



Hubert Brody, Chairperson

Ensuring and protecting value in 2023

- Completed a fit-for-purpose remuneration review. Our remuneration structure and quantum appropriately support our Human Capital and Business Strategies.
  - » LTI awards from 2023 are 100% performance-based.
  - » Shares required for 2024 LTI issuance will be acquired in the market, continuing with the approach adopted in 2023.
- Agreed terms for the incoming CE and outgoing CE.
- Achieved growth in single-figure remuneration outcomes due to strong share price performance and higher vesting outcomes reflective of underlying business performance.
- Group Remco exercised its discretion and increased the DHEPS target on the 2021 LTI awards. This reduced the DHEPS vesting outcome for Group Exco from 200% to 190%, after taking into account management's approach to managing endowment, and as a result reduced the overall vesting for Group Exco to 124,8%.
- Continued to ensure that LTI awards are more targeted to the appropriate talent and STI awards more targeted to high-value contributors, with the LTI scheme having the desired retention effect.

Focus for 2024 and beyond

- Maintaining continued dialogue with shareholders to ensure the relevance and appropriateness of the Remuneration Policy.
- Ensuring remuneration outcomes that are fair and responsible.
- Ensuring that the Remuneration Policy and outcomes support our strategic objectives and that these are appropriate to the changing environment.
- Staying abreast of remuneration best practices.
- Updating disclosures in line with the amended Companies Act requirements on remuneration, once it has been enacted.
- Reviewing the competitiveness of the group's LTI pool, the LTI CPTs, weightings and vesting ranges.

Stakeholders

Employees | Society | Regulators | Shareholders

Top 10 risks

1 Business | 4 People | 5 Strategic execution | 7 Operational | 8 Climate

A comprehensive Group Remco Report is available online in our 2023 Governance Report on our group website at nedbankgroup.co.za.

Mike Brown Chief Executive

Financial performance

- HE growth of 11% to R15,7bn, DHEPS growth of 14% and increase in ROE to 15,1%, back above COE.
- Achieved all 2023 targets in respect of ROE, DHEPS, cost-to-income ratio and NPS.
- Maintained a fortress balance sheet, evident in strong capital, liquidity, and balance sheet provisioning metrics.
- Declared a total 2023 dividend that increased by 15%.
- Successfully concluded a R5bn capital optimisation programme that was value enhancing for shareholders.
- Saw a 30% increase in impairments.

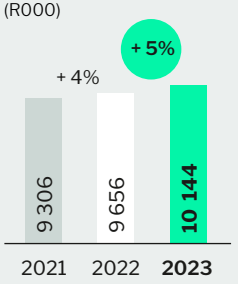
Strategy

- Delivered great client satisfaction rating outcomes (#1 SA bank on NPS for the 2nd year).
- Increased retail main-banked clients by 9% to 3,5 million, and won 20 primary transactional accounts in CIB.
- Achieved ongoing strong digital uptake, including 2,3 million retail active Money app users.
- Mixed SPT 2.0 performance - market share gains in retail deposits, home loans and wholesale term loans.
- Realised R2,2bn of TOM 2.0 benefits and initiated TOM 2.1 to unlock further benefits.
- Achieved 95% completion of our Managed Evolution IT build, enabling enhanced client satisfaction, and new revenue and cost optimisation opportunities.
- Made good ongoing strategic and financial progress on the ETI turnaround.
- Achieved Nedbank brand ranking of #8 in SA (improved from #9 in 2022).
- Loss of market share in household and commercial transactional deposits.

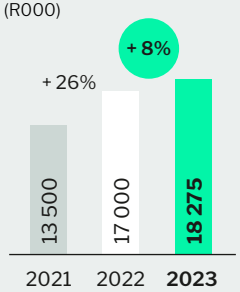
ESG delivery

- Provided 1st-time job opportunities to 1 835 youth through the YES Programme.
- Continued to drive Nedbank's overall leadership in climate-change-related matters, including being the market leader in renewable energy finance and becoming the SA 1st bank to release glidepaths for fossil-fuel-related reduction targets by 2030.
- MSCI ESG rating for Nedbank maintained at AAA (top 5% of global banks).
- 'Great place to work' employee NPS at 20.
- Achieved female employees as percentage of total employees at 62% and ACI employees at 82%.
- Maintained level 1 BBBEE for 6 years in a row.
- Worked with government, the banking industry, business and labour through participation and leadership in key industry bodies.
- Ensured sound cybersecurity.
- Good management of ongoing reputational issues.
- Ensured seamless succession planning in key roles.
- Incurred R17,0m in fines and administrative sanctions, down from R24,9m in 2022.

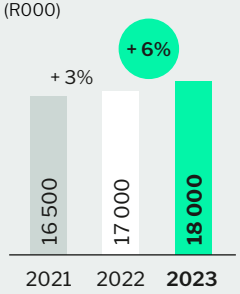
Guaranteed remuneration
(R000)



Total STI
(R000)



Total LTI at face value
(R000)



Rewarding for value creation continued

Value creation | Value preservation | Value erosion

Mfundo Nkuhlu Chief Operating Officer

Financial performance

- HE growth of 11% to R15,7bn, DHEPS growth of 14% and increase in ROE to 15,1%, back above COE.
- Achieved all 2023 targets in respect of ROE, DHEPS, cost-to-income ratio and NPS score.
- Managed expenses well across all shared-services clusters.
- Delivered a strong performance with associate income from ETI of R1,4bn, up by 77% and HE of R1,2bn, including the reversal of the impact of the Ghanaian sovereign bond provision of R175m raised in 2022.

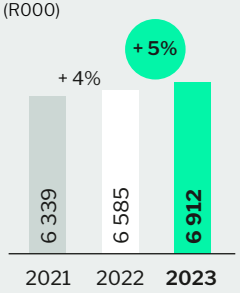
Strategy

- Delivery of Managed Evolution IT system – 95% complete on time, scope, and budget.
- Realised cost savings by leveraging the technology investment in the Managed Evolution programme.
- Ensured good engagement with the board, Chairperson and other shareholders to maintain alignment on the value-unlock strategy.
- Managed the COO function well and continued to deliver improvements in operational excellence and collaboration.
- Achieved Nedbank brand ranking of #8 (2022: #9).
- Realised R2,2bn in TOM 2.0 benefits in 2023, with our target of R2,5bn to be achieved in 2024.

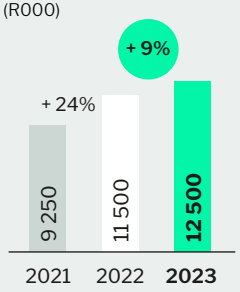
ESG delivery

- Outperformed peers in Net Brand Sentiment, achieving a year-to-date score of 61%.
- Provided first 1st-time job opportunities to 2 835 youth through the YES Programme.
- Maintained level 1 BBBEE for 6 years in a row.
- Continued support of Nedbank's efforts to accelerate purpose fulfilment effectively.
- Managed succession planning well in key roles.
- Introduced Nedbank's culture principles (The Nedbank Way) which assists to streamline, focus, and accelerate culture transformation efforts for employees.
- Maintained a high 'Great place to work' employee NPS – the 2nd highest level since inception of the survey.
- Stakeholder obligations adequately met.

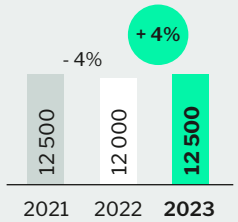
Guaranteed remuneration
(R000)



Total STI
(R000)



Total LTI at face value
(R000)



Mike Davis Chief Financial Officer

Financial performance

- HE growth of 11% to R15,7bn, DHEPS up 14%, and increase in ROE to 15,1%, back above COE.
- Achieved all 2023 targets in respect of ROE, DHEPS, cost-to-income ratio and NPS score.
- Maintained a fortress balance sheet, evident in strong capital, liquidity, and balance sheet provisioning metrics.
- Managed expenses well across shared services clusters, and ongoing reduction in corporate real estate costs.
- Maintained strong capital position, with CET1 ratio at 13,5% and declared record dividends, up 15%.

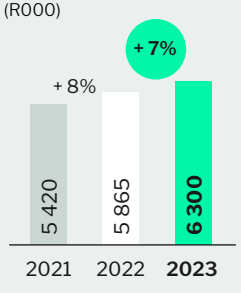
Strategy

- Achieved top-tier investor relations rankings and maintained strong relationships and communication with the investment community.
- Ensured good cost savings to support the group's cost-to-income ratio targets through heightened focus on automation, creating efficiencies, and headcount and office space optimisation.
- Delivered liquidity risk and capital management strategies optimally.
- Successfully motivated and executed a R5bn capital optimisation initiative at attractive levels.
- Implemented the monetary policy implementation framework successfully.
- Made good ongoing strategic and financial progress on the ETI turnaround.
- Managed taxation risk well and resolved key outstanding tax matters.
- Continued to drive an optimal capital structure through the raising of AT1 and tier 2 at competitive pricing.

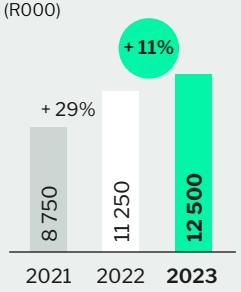
ESG delivery

- Water and electricity consumption, and recycling volumes tracked ahead of target.
- Improved employee (Me@ Work) and visitor (Visitor@Work) experience with a newly launched digital desk.
- MSCI ESG rating for Nedbank maintained at AAA (top 5% of global banks).
- Recognised for leadership in renewable energy finance.
- Received multiple prestigious industry awards in recognition of Nedbank's high standards of financial and taxation reporting.
- Maintained robust and efficient tax compliance and incurred no penalties or interest charges.
- Maintained level 1 BBBEE for 6 years in a row.
- Obtained good AGM outcomes.
- Maintained strong relationships with key stakeholders through regular and proactive engagements.

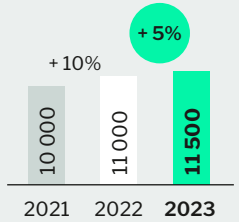
Guaranteed remuneration
(R000)



Total STI
(R000)



Total LTI at face value
(R000)



Rewarding for value creation continued

Value creation | Value preservation | Value erosion

Anél Bosman Group Managing Executive: Nedbank Corporate and Investment Banking

Financial performance

- Increased HE in CIB by 6% and delivered an ROE of 18,9% above the group's COE.
- Achieved higher average banking advances growth of 8%.
- Impairments increased by 17%, with credit risk well-managed as CLR at 24 bps was within the CIB TTC range of 15–45 bps.

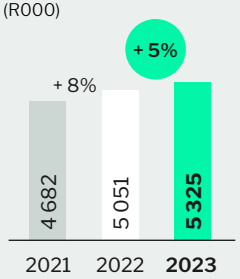
Strategy

- Gained 20 primary clients and increased large transactions.
- Managed reputational and credit risk well with a focus on clients filing for business rescue in the property and agricultural sectors.
- Continued momentum in portfolio optimisation resulted in capital efficiency and improved ROE.
- Delivered strong performance against regulatory compliance, risk management and internal audit requirements.
- Maintained market leading position in property finance in SA.
- Implementation of CIB TOM 2.0 completed.

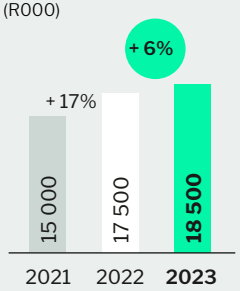
ESG delivery

- Facilitated sustainable finance credit facilities for clients to the value of R15bn, up 25% yoy.
- Recorded R29bn in renewable energy finance drawn exposures and maintained our position as lead arranger on IPPP projects. Recognised as a leading private power generation financier with R18bn exposure drawdowns expected in 2024.
- Published our fossil fuels and power generation glidepath methodology and disclosed fossil fuel carbon accounting.
- Continued progress in SDF exposure, with R29bn renewable energy financing, R15bn sustainable finance solutions, and R1,2bn in clean water and sanitation funding provided at the end of 2023.
- Maintained focus on product innovation, incorporating ESG considerations to manage risks, enhance reputation, meet regulatory requirements, increase access to capital, and to assist our clients to meet their ESG targets.
- Received multiple prestigious industry awards in recognition of CIB's expertise and purpose-led approach.
- Maintained a strong governance and control environment.

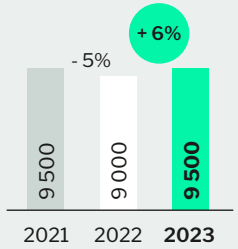
Guaranteed remuneration
(R000)



Total STI
(R000)



Total LTI at face value
(R000)



Ciko Thomas Group Managing Executive: Nedbank Retail and Business Banking

Financial performance

- Increased HE by 9% and ROE maintained at 16,0%, above group's COE.
- Strong revenue growth of 11% and well-managed expenses growth, resulting in a reduction in cost-to-income ratio.
- Impairments up by 29% and CLR at 194 bps, above the TTC target range of 120–175 bps.

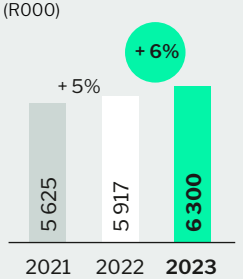
Strategy

- Rated #1 SA bank by Kantar on NPS for the 2nd year in a row.
- Increased retail main-banked clients by 9% to 3,5 million and the cross-sell ratio to 1,96.
- Digital growth – Money app clients up by 16% to 2,3m, digitally active retail clients up 11% to 2,9 million, resulting in higher transaction volumes and values, up by 12% and 10% respectively.
- Increased growth momentum with the Avo super app, now with 2,5 million users, up 26%.
- Realised market share gains in retail deposits and selected retail advances categories such as overdrafts and home loans.
- Contributed significantly to the group's R2,2bn of cumulative TOM 2.0 benefits through strategic initiatives such as Project Imagine and Project Phoenix, resulting in improved efficiencies and operational metrics.
- Launched MiGoals, a new transactional product range offering simple and easy-to-understand pricing structures.
- Launched Greenbacks 2.0, which continues to deliver strong membership growth with new enrolments up by 15% yoy.
- Loss of market share in household and commercial transactional deposits.

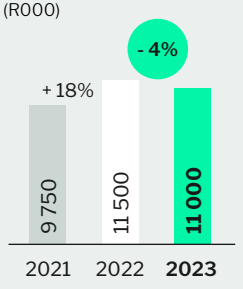
ESG delivery

- Increased support to more than 300 000 SMEs with loan exposures of R22bn.
- Positively impacted more than 23 000 township SMMEs, sponsored more than 300 township exhibitors with Nedbank POS machines, and created supplier procurement opportunities for more than 170 black-youth-owned service providers.
- Increased support to employees through various financial education awareness programmes and financial support initiatives.
- Trained 1 200 employees, supported by the success of our online offering.
- Rehabilitated 936 000 clients, assisted 53 600 clients to keep their cars and homes, and assisted 15 500 clients to sell their assets through our assisted-sales programmes.

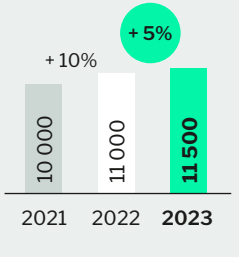
Guaranteed remuneration
(R000)



Total STI
(R000)



Total LTI at face value
(R000)



Rewarding for value creation continued

Value creation | Value preservation | Value erosion

Iolanda Ruggiero Group Managing Executive: Nedbank Wealth

Financial performance

- Increased HE by 6% and improved ROE to 26,8%, well above the group's COE.
- Increased revenue by 9% and managed risk well with CLR at 12 bps below the cluster's TTC target range of 20–40 bps.
- Assets under management up 14% yoy to R448bn due to good market performance and strong net inflows.

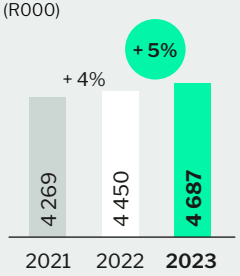
Strategy

- Extended Nedbank Insurance quoting, fulfilment, and claims functionality on digital channels to 17 product offerings (2022: 10) across 7 channels.
- Achieved good sales growth in the MyCover product range due to digital enablement, channel expansion and increased awareness.
- Launched the 1st fixed-income boutique and fund with positive market response.
- Strong client engagement producing good activity levels with target clients and good assets-under-management (AUM) flows in Wealth Management (International).
- Delivered enhanced client experience with the NPW app, which continues to be highly rated by our clients and has resulted in consistently high digital adoption rates.
- Initiatives implemented to enhance client-centricity and leverage digital resulted in a significant increase in average deposits of 20%, with good net client growth.
- Maintained top Asisa ranking in SA and internationally, being ranked 6th and 3rd largest in total AUM with 7% and 9% market shares respectively.
- NPW received 'Best Private Bank-Overall Client Service' at the WealthBriefing MENA Awards.

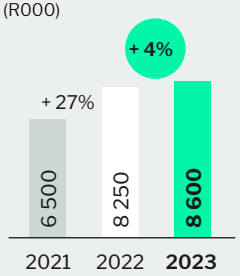
ESG delivery

- Achieved alignment with other signatories on most of the pillars of assessment in the latest United Nations Principles For Responsible Investment (UNPRI) assessment report.
- Made good progress and concluded various risk and compliance initiatives that are aligned with a changing environment.
- Incurred fines and administrative sanctions. At group level, the total fines amounted to R17,0m, down from R24,9m in 2022.

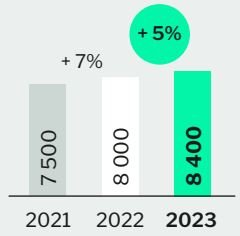
Guaranteed remuneration (R000)



Total STI (R000)



Total LTI at face value (R000)



Dr Terence Sibiya Group Managing Executive: Nedbank African Regions

Financial performance

- Increased NAR HE by 94% and improved ROE to 25,2%, above the group's COE.
- Excellent performance from SADC operations with HE up 80% to R662m.
- Reported strong HE from ETI, up more than 100% with return on initial investment at 22%.

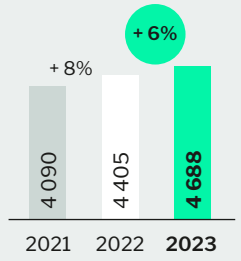
Strategy

- Launched Avo SuperShop in Namibia (a 1st of its kind in that market), which is showing good progress with 15 merchants currently on board.
- Accelerated digitisation and digital usage uptake – digitally active clients across the NAR business grew from 57% to 64% of its total active client base.
- Increased the total number of clients by 4% to 349 000 of which 147 000 are main-banked clients.
- Achieved market leader position in client experience (NPS) in Eswatini and Mozambique and a leader in brand sentiment in 2 markets.
- Enabled API_Marketplace to operations in Namibia, Lesotho and Eswatini, with accounts, payments, and wallets now available in these countries.
- Good progress made on implementing the value unlock agenda in ETI.
- Received multiple prestigious industry awards in recognition of the progress made in our businesses.

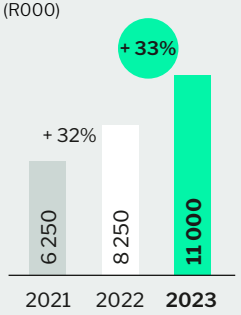
ESG delivery

- Completed various embedded energy generation deals in Namibia, Eswatini and Lesotho.
- Continued to support housing development projects in Namibia and received a 6-star Green Star rating for the Nedbank Namibia head office.
- Provided funding to support Zimbabwean farmers with the installation of solar PV facilities to enable sustainable farming activities.
- Participated in key water deals in Lesotho.
- Provided financing for infrastructure projects such as mass transit, roads, and rail in Namibia and through partnerships in Côte d'Ivoire.
- Launched a bespoke solar offering where we can re-advance or offer a further loan on a home loan or asset-based finance for solar purchases and installations in Namibia.
- Maintained a good relationship with all internal and external stakeholders.
- Ensured effectiveness in risk, governance, and compliance, although still some improvement required in the overall control environment.

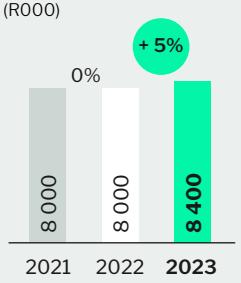
Guaranteed remuneration (R000)



Total STI (R000)



Total LTI at face value (R000)





Supplementary information

Independent assurance, abbreviations and acronyms, reporting criteria and company details.

Independent assurance practitioners' Limited Assurance Report on selected key performance indicators

To the Directors of Nedbank Group Limited

Report on selected key performance indicators

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described in the adjacent table, andpresented in the Integrated Report 2023 of Nedbank Group Limited ("Nedbank") for the year ended 31 December 2023 (the Report). This engagement was conducted by a multidisciplinary team including environmental, social and assurance specialists with relevant experience in sustainability reporting.

Subject matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected KPIs, marked with an LA1 on the relevant pages in the Report. The selected KPIs described alongside have been prepared in accordance with Nedbank 's criteria for reporting and the Global Reporting Initiative (GRI) Standards ("reporting criteria"). The reporting criteria is disclosed on page 105 of the Report.

	Unit of measurement	Boundary	Page number
Environmental key performance indicators			
Number of Equator Principle Deals that had their first draw down within the financial year	Number	CIB (Investment Banking and Client Coverage)	Page 92
All CIB credit risk reviews and new applications included the screening of high risk clients and EP relevant deals via the Social and Environmental Management System (SEMS)	Number	Nedbank CIB (Investment Banking and Client Coverage)	Page 92
Total Carbon Footprint (tCO_2e)	tCO_2e	Scope 1: Nedbank Limited (South African operations) and all campus buildings Scope 2: Campus buildings; non-Campus buildings and non-South African bank offices and/or outlets Scope 3: Nedbank Ltd (South African operations) limited to paper, travel claims, staff commuting, car hire and flights.	Page 73
Thermal coal funding – Limit	Percentage	Nedbank Group	Page 92
Thermal coal funding – Drawn Exposure	Percentage	Nedbank Group	Page 92
Upstream oil funding – Limit	Percentage	Nedbank Group	Page 105
Upstream oil funding – Drawn Exposure	Percentage	Nedbank Group	Page 105
Upstream gas funding – Limit	Percentage	Nedbank Group	Page 105
Upstream gas funding – Drawn Exposure	Percentage	Nedbank Group	Page 105
Non-renewable power funding – Limit	Percentage	Nedbank Group	Page 105
Non-renewable power funding – Drawn Exposure	Percentage	Nedbank Group	Page 105
Renewable energy funding – Limit	Percentage	Nedbank Group	Page 105
Renewable energy funding – Drawn Exposure	Percentage	Nedbank Group	Page 105
Total water consumed	Kilolitres	Nedbank Campus buildings	Page 67
Waste sent to landfill	Tonnes	Nedbank Campus buildings	Page 67
Waste recycled	Tonnes	Nedbank Campus buildings	Page 67
Economic: Clients and Banking Key Performance Indictors			
Net promoter score (NPS)	Number	Client promotion of Nedbank for Retail and Business Banking, Wealth and CIB	Page 13
Number of main banked clients	Number	Retail	Page 73
Primary client wins	Number	CIB	Page 73
Percentage of digitally active retail clients	Percentage	Retail and Business Banking	Page 72
Digital sales (% of total sales)	Percentage	Retail and Business Banking	Page 72
Nedbank Africa Regions number of clients	Number	Rest of Africa	Page 62
Banking Ombudsman cases in favour of Nedbank	Number	Nedbank Group	Page 91
IT key performance indicators			
System availability uptime score	Percentage	Nedbank Group	Page 72
Human resources key performance indicators			
Staff attrition rate	Percentage	South African Nedbank staff turnover percentage	Page 91

Independent assurance practitioners' Limited Assurance Report on selected key performance indicators continued

Directors' responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with Nedbank's reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Inherent limitations

The Greenhouse Gas (GHG) emission quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Deloitte applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information and, in respect of greenhouse gas emissions, in accordance with the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. These require that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of Nedbank's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Nedbank.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Nedbank's selected KPIs have been prepared, in all material respects, in accordance with the reporting criteria.

Limited assurance conclusion

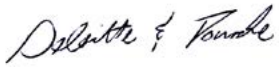
Based on the procedures we have performed and the evidence we have obtained, and subject to the inherent limitations outlined elsewhere in this report, nothing has come to our attention that causes us to believe that the selected KPIs as set out in the Subject Matter paragraph above for the year ended 31 December 2023 are not prepared, in all material respects, in accordance with the reporting criteria.

Other matters

The maintenance and integrity of Nedbank's website is the responsibility of Nedbank's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Nedbank's website.

Restriction of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Directors of Nedbank in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Nedbank, for our work, for this report, or for the conclusion we have reached.



Deloitte & Touche
Registered Auditors

Per Jyoti Vallabh
Chartered Accountant (SA)
Registered Auditor
Partner

17 April 2024

5 Magwa Crescent
Waterfall City, Waterfall
Private Bag x6, Gallo Manor, 2052
South Africa

Abbreviations and acronyms

ACI African, Coloured and Indian
AGM annual general meeting
AI artificial intelligence
AIEBA average interest-earning banking assets
AIRB Advanced Internal Ratings-based
AML anti-money-laundering
API application programme interface
AUM assets under management
BBBEE broad-based black economic empowerment
BEE black economic empowerment
bn billion
bps basis point(s)
CAGR compound annual growth rate
CET1 common equity tier 1
CIB Corporate and Investment Banking
CLR credit loss ratio
COE cost of equity
CPI consumer price index
CPT corporate performance targets
CRMF Climate Risk Management Framework
CSI corporate social investment
CVP client value proposition
DHEPS diluted headline earnings per share
ED executive director
EE employment equity
ELB entry-level banking
ESG environmental, social and governance
ETI Ecobank Transnational Incorporated
FATF Financial Action Task Force
FIC Financial Intelligence Centre
FSC Financial Sector Code
FSCA Financial Sector Conduct Authority
FVOCI Fair value through other comprehensive income
FVTPL Fair value through profit or loss
GDP gross domestic product
GLAA gross loans and advances
group Nedbank Group Limited
GVA gross value added
HE headline earnings
HEPS headline earnings per share
HQLA high-quality liquid asset(s)
IAS International Accounting Standard(s)
ICAAP Internal Capital Adequacy Assessment Process
ICT information and communication technology
IFRS International Financial Reporting Standard(s)
ILAAP Internal Liquidity Adequacy Assessment Process
JSE JSE Limited
LCR liquidity coverage ratio
LTI long-term incentive
m million
MAFR mandatory audit firm rotation
ME Managed Evolution
MFC Motor Finance Corporation (vehicle finance lending division of Nedbank)
MW megawatt
NAR Nedbank Africa Regions
NII net interest income
NIM net interest margin
NIR non-interest revenue
NPS Net Promoter Score
NSFR net stable funding ratio
PA Prudential Authority
PAYU Pay-as-you-use
PO prescribed officer
R rand
RBB Retail and Business Banking
Rbn South African rands expressed in billions
REIPPPP Renewable Energy Independent Power Producer Procurement Programme
Rm South African rands expressed in millions
RMIPPPP The Risk Mitigation Independent Power Producer Procurement Programme
ROA return on total assets
ROE return on equity
RRB Retail and Relationship Banking
RWA risk-weighted assets
SA South Africa
SA-csi The South African Customer Satisfaction Index
SADC Southern African Development Community
SAICA South African Institute of Chartered Accountants
SARB South African Reserve Bank
SDF sustainable development finance
SDGs Sustainable Development Goals
SEMS Social and Environmental Management System
SME small and medium enterprises
SMME small, medium and macroenterprises
SPT strategic portfolio tilt
SSA sub-Sahara Africa
STI short-term incentive
TCFD Task Force on Climate-related Financial Disclosures
TOM Target Operating Model
TTC through the cycle
UK United Kingdom
US United States
YES Youth Employment Service
yoy year on year
ZAR South African rand (currency code)

Reporting criteria

Banking Ombudsman cases in favour of Nedbank	The number of cases found in favour of Nedbank compared to the total number of cases submitted to the Banking Ombudsman, which were assessed as being within the Banking Ombudsman's jurisdiction.
Digital sales (% of total sales)	Sales concluded through digital channels expressed as a percentage of new sales.
Employee attrition rate	The number of permanent employees leaving the employment of Nedbank compared to the total number of permanent employees.
Finance assessed under the Equator Principles	Number of Equator Principle deals within Nedbank CIB's Investment Banking and Coverage business units that had their 1st drawdown within the financial year.
Gross loans and advances (GLAA)	The carrying value of banking book loans and advances before impairment allowance. GLAA excludes trading book loans and advances.
Nedbank Africa Regions number of clients	The total number of clients within the subsidiaries forming part of the NAR Cluster.
Net Promoter Score (NPS)	The percentage of promoters less the percentage of detractors.
Non-renewable power funding	The ratio of non-renewable power funding, as defined in our Energy Policy, compared to Nedbank Group's total gross loans and advances.
Number of main-banked clients	Number of clients who achieved a minimum deposit or a number of quality transactions on average per month over 3 months.
Oil and gas funding	The ratio of oil and gas funding, as defined in our Energy Policy, compared to Nedbank Group's total gross loans and advances.
Percentage of digitally active retail clients	The number of retail clients who has used a digital channel over the past 90 days compared to the number of total retail clients.
Primary client wins	Clients within the CIB Cluster who moved their primary banking to Nedbank during the year under review.
Renewable energy funding	The ratio of renewable energy funding, as defined in our Energy Policy, compared to Nedbank Group's total gross loans and advances.
SEMS deals reviewed	All Nedbank CIB's Investment Banking and Coverage business units credit risk reviews and applications included the screening of high-risk clients and Equator Principles-relevant deals via the SEMS.
System availability uptime score	Total number of hours that systems were available compared to the total number of hours systems could have been available.
Thermal-coal funding	The ratio of thermal-coal funding, as defined in our Energy Policy, compared to Nedbank Group's total gross loans and advances.

Total carbon footprint (own operations excluding scope 3 emissions from our supply chain) (tCO_2e)	Total of the scope 1, 2 and 3 emissions: Scope 1 emissions arising from campus buildings and Nedbank Limited's South African operations. Scope 2 emissions arising from campus buildings, non-campus buildings and non-South African bank offices and outlets. Scope 3 emissions arising from Nedbank Limited's South African operations limited to paper, travel claims, staff commuting, car hire and flights. This excludes the scope 3 emissions from our supply chain.
Total water consumed	The total water consumed, measured in kilolitres, at Nedbank campus buildings, excluding water consumed by 3rd-party tenants at our campus sites.
Waste recycled	The total waste, measured in tonnes, from Nedbank campus buildings sent for recycling.
Waste sent to landfill	The total waste, measured in tonnes, from Nedbank campus buildings sent to landfill.

Additional climate-related disclosures

Rm	December 2023	December 2022	ytd change	% of GLAA December 2023	% of GLAA December 2022	
Thermal coal						
Limit	**2 296**	2 324	(28)	**0,3**	0,3	LA1
Drawn exposure	**1 233**	1 002	231	**0,1**	0,1	LA1
Upstream oil						
Limit	**18 902**	19 592	(690)	**2,1**	2,2	LA1
Drawn exposure	**12 479**	11 081	1 398	**1,4**	1,2	LA1
Upstream gas						
Limit	**4 632**	1 698	2 934	**0,5**	0,2	LA1
Drawn exposure	**1 525**	1 380	145	**0,2**	0,2	LA1
Non-renewable power generation exposures						
Limit	**8 093**	9 964	(1 871)	**0,9**	1,1	LA1
Drawn exposure	**4 049**	5 375	(1 326)	**0,5**	0,6	LA1
Total renewable energy						
Limit	**45 557**	37 198	8 359	**5,1**	4,1	LA1
Drawn exposure	**29 853**	27 268	2 585	**3,4**	3,0	LA1

LA1 External limited assurance on selected sustainability information – refer to pages 102 and 103 for the independent assurance practitioner's Limited Assurance Report on selected key performance indicators.

Company details

Nedbank Group Limited

Incorporated in the Republic of SA
Registration number 1966/010630/06

Registered office

Nedbank Group Limited, Nedbank 135 Rivonia Campus,
135 Rivonia Road, Sandown, Sandton, 2196
PO Box 1144, Johannesburg, 2000

Transfer secretaries in SA

JSE Investor Services Proprietary Limited,
1 Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196
(from 13 March 2023)

PO Box 4844, Marshalltown, 2000, SA

Namibia

Transfer Secretaries Proprietary Limited
Robert Mugabe Avenue No 4, Windhoek, Namibia
PO Box 2401, Windhoek, Namibia

Instrument codes

Nedbank Group ordinary shares

JSE share code:	NED
NSX share code:	NBK
A2X share code:	NED
ISIN:	ZAE000004875
JSE alpha code:	NEDI
ADR code:	NDBKY
ADR CUSIP:	63975K104

For more information contact

Investor Relations

Email: NedGroupIR@Nedbank.co.za

Mike Davis

Chief Financial Officer
Email: MichaelDav@Nedbank.co.za

Alfred Visagie

Executive Head, Investor Relations
Email: AlfredV@Nedbank.co.za

For more information please contact Nedbank Group Investor Relations at NedGroupIR@Nedbank.co.za.

Company Secretary:	J Katzin
Sponsors in SA:	Merrill Lynch SA Proprietary Limited t/a BofA Securities Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Sponsor in Namibia

Old Mutual Investment Services (Namibia) (Proprietary) Limited

Disclaimer

Nedbank Group has acted in good faith and has made every reasonable effort to ensure the accuracy and completeness of the information contained in this document, including all information that may be defined as 'forward-looking statements' within the meaning of US securities legislation.

Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'.

Forward-looking statements are not statements of fact, but statements by the management of Nedbank Group based on its current estimates, projections, expectations, beliefs and assumptions regarding the group's future performance.

No assurance can be given that forward-looking statements will be correct and undue reliance should not be placed on these statements.

The risks and uncertainties inherent in the forward-looking statements contained in this document include changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political risks; and the effects of both current and future litigation.

Nedbank Group does not undertake to update any forward-looking statements contained in this document and does not assume responsibility for any loss or damage arising as a result of the reliance by any party on these statements, including loss of earnings, profits, or consequential loss or damage.

nedbankgroup.co.za